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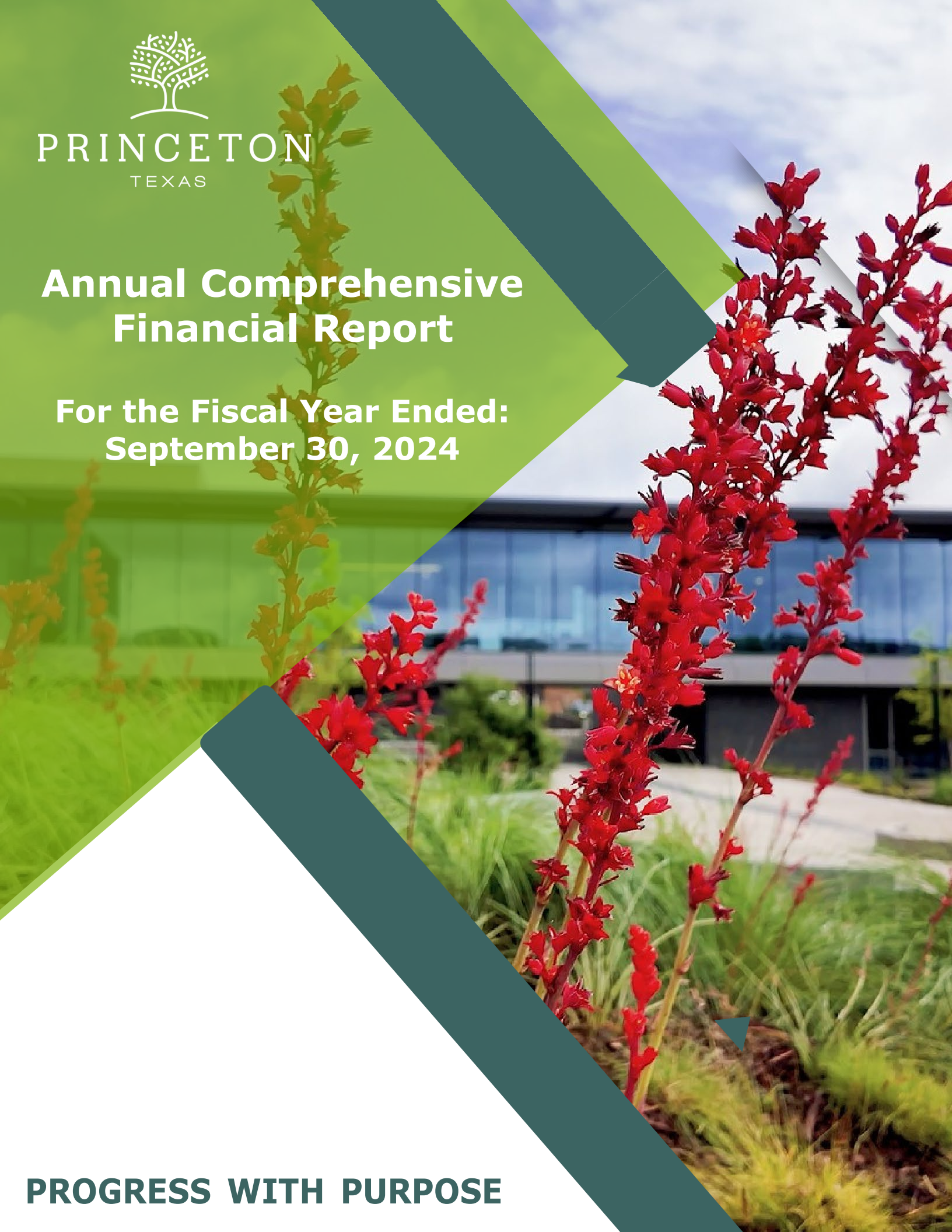
Annual Comprehensive Financial Report

For the Fiscal Year Ended: September 30, 2024



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CITY OF PRINCETON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2024

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Prepared by:

City Manager
Michael Mashburn

Director of Finance
Sophie Packard

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City of Princeton, Texas

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September 30, 2024

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INTRODUCTORY SECTION

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April 3, 2025

Honorable Mayor, Members of the City Council,
And Citizens of the City of Princeton

The Finance Department of the City of Princeton is pleased to submit the Annual Comprehensive Financial Report of the City of Princeton, Texas, for the fiscal year ended September 30, 2024.

The report is published to provide the City Council, management staff, our citizens, and other interested parties with detailed information concerning the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Princeton. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The financial statements included in this report were prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Government Accounting Standards Board (GASB), the National Council of Government Accounting (NCGA) and the American Institute of Certified Public Accounts (AICPA). To demonstrate further public accountability, the independent accounting firm of Certified Public Accountants, BrooksWatson & Co., PLLC, whose report is included herein, has audited the City's financial statements.

BrooksWatson & Co., PLLC., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Princeton's financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

In addition, a Management's Discussion and Analysis (MD&A) section, immediately following the independent auditor's report includes a narrative introduction, overview, and analysis of the financial statements. The MD & A complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the Government

The City of Princeton, incorporated in May 1912, is located at the intersection of U.S. Highway 380 and Farm Road 75, and Farm Road 982 in northeast Collin County 8 miles east of McKinney, 24 miles west of Greenville, and 45 miles northwest of Dallas-Fort Worth International Airport. The City is primarily residential and a rapidly growing city in Collin County, one of the fastest growing counties in Texas.

The City of Princeton's population has been on a rapid rise, making it one of the fastest-growing cities in the U.S. With a population of just over 17,000 in 2020, the City has seen a substantial increase due to suburban expansion from nearby cities like McKinney, Frisco, and Plano. Presently, the City sits at a population of more than 40,000 and is approximately 91% residential. Princeton has 10 square miles within its incorporated limits with more than 1,000 undeveloped acres. It also has an additional 60 square miles of extra-territorial jurisdiction for potential future growth. The City is forecasting an average addition of 1,100 single-family residential homes each of the next seven years, with this year anticipated to be more than 2,800.

The City of Princeton operates under a council-manager form of government. Policy-making and legislative authority are vested in a governing council (City Council), consisting of a mayor and five other members all elected at large. The Council appoints the City Manager, who in turn appoints the heads of the various departments. All Council members are elected for two-year terms.

This report includes all funds and account groups of the primary government. The government provides a full range of services including police and fire protection; the construction and maintenance of streets and infrastructure; recreation and cultural events, including a library. In addition to general government administrative services, the City provides water, sewer and sanitation services. The City is also financially accountable for two legally separate component units – Princeton Economic Development Corporation, and Princeton Community Development Corporation which are reported as a blended component unit within the City of Princeton financial statements (see Note 1A for additional information).

The Council is required to adopt a final budget no later than September 30th- the close of the fiscal year. This annual budget serves as the foundation for the City of Princeton's financial planning and control. The budget is prepared by fund, category (personnel, supplies, maintenance, contractual and capital) and department. Departments may reallocate resources within their department budgets, with the City Manager's approval, but reallocation between funds or increases in appropriations requires Council approval.

Local Economy

With supply chain issues resolving, and the housing market remaining strong even though mortgage rates have increased, the North Texas economy has displayed resiliency. Retail sales remain strong, however reflecting more modest increases in FY 2024. Demand for homes still exceeds the supply, thus home values have held their value. Job creation, especially in North Texas, is strong, however, somewhat hampered by the continuing worker shortages. A few corporate relocations to the general area will also contribute to the housing market remaining strong, although potentially constrained by the limited housing inventory.

An estimated 1,841 single-family building permits were issued during fiscal year 2024, compared to the previous four-year average of 1,623. In addition, there were 5,694 new water connections added during the fiscal year. Development in the City has remained steady and new commercial projects continue to be proposed along with a steady flow of single-family building permits being issued. Since the City's tax base is a significant portion of its annual budget, these increases have the most significant impact on the City's ability to raise revenues to provide the services and conditions for future growth.

The City completed the 2,000,000-gallon South Elevated Storage Tank, Sheamar Lane Wastewater Interceptor, and Tickey Creek Wastewater Improvements by the end of the fiscal year. Street reconstruction for San Remo was also completed during fiscal year 2024. The final stages of construction for our Fire Station #2 and the Eastridge Booster Station were nearing completion and expected to be completed in fiscal year 2025. At the beginning of 2024, rehabilitation began for the Dogwood Pump Station and the design stage for the 2,000,000-gallon North Elevated Storage Tank.

In July 2024 Second Street reopened to the public and it is a well-utilized roadway for traffic heading north and south through town. Several streets in the City are under construction along with the related utilities under the roadways. New city projects discussed that will be underway are Hwy 380 12" waterline, Boorman Lane Reconstruction, and many park projects.

An effort by the Community Development Corporation has focused largely on the development of park facilities. With the assistance of developers, willing landowners, and funding made possible through bond sales and park fees, the City acquired an additional 100 acres of land for future park sites and facilities. Improvements at J.J. Book Wilson Park on Beauchamp Blvd, the parking lot, additional shade sails, and restroom; facilities and entrance features at J.M. Caldwell Community Park, and additional features i.e. restroom facilities and entrance features at the Municipal Park at City Hall.

The City received $3,000,000 from the American Rescue and Recovery Act funding used on a more robust broadband service. Implementation of its Communication Plan addresses the continued funding for this project. Ultimately the plan will cover areas that are currently underserved and provide the City with better connectivity to all of its families.

Long Term Financial Planning

Economic Development, specifically retail has been a primary objective and continues to be desired. This will not only provide desired amenities for residents' immediate access, but also an avenue to diversify the City's revenue stream that is highly dependent on property tax. A stated focus of the Council has been to maintain the current tax rate. However, with State Legislation implementing revenue caps, it has forced reductions in the tax rate. A challenge to maintain the service level of services provided for in this community.

Future water supply, pumping facilities, and wastewater treatment will also continue to be a focal point of meeting growth demands. Princeton contracts with North Texas Municipal Water District for water and wastewater treatment. A utility rate study with NexGen Strategies was updated to provide funding sources for the increase in customers served and the infrastructure needed for the next five years.

Major Initiatives

The City's staff, following the directives of the City Council, City Manager and Development Director, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens can live and work in an enviable environment. The following are initiatives and programs relating to general government functions:

- Received the Government Officers Association (GFOA) Certificate of Achievement or Excellence in Financial Reporting for the submitted 2023 Annual Comprehensive Financial Report.
- Received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2024 Budget.
- Instituted a PAYGO financing model for future vehicle needs.
- Achieved a Fitch double upgrade from A- to AA+ and a Standard & Poor's bond upgrade from AA to AA Stable.
- Established a cost recovery program by contracting with municipal utility districts for fire and EMS services.
- Implemented Culture Index Surveys to assist current leadership with supervision and hiring candidates that fit the current culture.
- Improved employee retention and decreased turnover rates by more than 40%.
- Established an Information Technology Department with two full-time personnel.

- Created an equipment and inventory system management system to track conditions and reduce costs.
- Upgraded the Police Department's server, enabling stakeholders to remotely access video evidence.
- Implemented a system to track all IT issues and requests, ensuring support for staff and stakeholders.
- Initiated projects to provide WiFi access at all City parks, improving connectivity for residents.
- Established a 24/7/365 Security Operations Center (SOC) to monitor the City's IT infrastructure, providing alerts for any detected anomalies and enhancing the security of private information.
- Implemented a moratorium on residential development to assess current needs and service levels and to plan for the future.
- Revamped Code Enforcement to Code Compliance with a focus on resident education. This change has applied a more diplomatic approach to enforcing the code.
- Launched new interactive maps for the public, including a City of Princeton Interactive Map, Land Entitlements Map, Road Maintenance Management Map, and revamped static PDF maps displaying annexations, zoning, subdivisions, utilities, thoroughfare plan, and the downtown overlay area.
- Established Major Projects Page as a "one-stop" shop for residents to see project status for significant City projects.
- Established a Communication Plan, Crisis Communication Plan, and Media Relations Policy.
- Organized and executed the first-ever 2024 Budget Town Hall Open House.
- Organized and implemented the City's first Resident Satisfaction Survey to gather resident feedback and conducted several small surveys to gauge feedback specific to Library, Special Events, and website use.
- Created a New Resident Resource Guide to help direct newcomers to services/resources.
- Rebranded Code Red to Princeton Alerts and increased the number of residents signed up for alerts.
- Added six Criminal Investigation Division (CID) vehicles, four patrol trucks, and 15 patrol vehicles.
- Purchased new load-bearing, armor-plated ballistic vests to enhance police officer safety.
- Established and equipped new units, including a Commercial Motor Vehicle (CMV) Unit, a Bicycle Unit and Special Response Team (SRT), a Mobile Fingerprint Unit, and added a Mental Health Officer.
- Invested in advanced technology, including a digital ticket writer, the Trimble (DOM) crime and accident reconstruction system, a Talino Forensic Computer, and drones.
- Achieved re-accreditation from the Texas Police Chiefs Association for best practices- a distinction given to less than 10% of police departments in Texas.
- Purchased two new fire trucks: a 100' platform and a pumper engine.
- Purchased five new advanced cardiac monitors with assistance from the Princeton Community Development Corporation (PCDC).
- Capital Improvement Project Plans started to address water and wastewater needs.
- Developing a Water System Master Plan to provide a complete system analysis of projects needed to provide and improve the services to existing and future residents in our service area.
- Planned Dogwood Pump Station Upgrades to increase the pump service capacity. Additional plans developed for the North Elevated Storage Tank, a future 3-million-gallon water tower in the northwest portion of the Whitewing subdivision.
- Participation in Keep Texas Beautiful to protect waterways from litter and other debris. The City of Princeton is a Gold Level Keep Texas Beautiful City.
- Started the Master Drainage Plan and began updates to the Municipal Separate Stormwater Sewer System (MS4) Permit through the Texas Commission on Environmental Quality (TCEQ) for stormwater management.

- Began a Mobility and Safety Action Plan to provide a comprehensive analysis of our roadway network and assessments for current and future roadway needs, determine the flaws of our existing road, sidewalk, and pedestrian access networks, and review roadway configuration and construction project needs in the downtown district.
- Hosted 71 library programs including toddler phonics, kids story time, art camp, financial literacy, ESL classes, evening story time, and movie night.
- Increased the number of library patrons by 1,001 for a total of 9,848 patrons.
- Received 2024 Achievement of Excellence in Libraries Award.
- Received 2025 Texas State Library System Accreditation
- Lois Nelson Public Library housed more than 13,960 books and offered 80,000 digital resources.
- Received grants from TSLAC and other agencies.
- Received funding from Collin County to continue library services for Collin County residents.
- Continued to increase collection efforts on outstanding warrants.
- Complete all court processes and procedures in a timely manner.
- Municipal Court became a Court of Record.
- Negotiated with vendors for pricing through The Interlocal Purchasing System.
- Updated inventory listing to include all City vehicles and equipment.
- Recreational Youth Sports saw an 18% increase in registration for overall youth sports from 2023.
- Established brand logos for all youth sports programs.
- First-ever National Parks and Recreation Month hosted with an average of 200 attendees at each activity.
- Installed restrooms at J.M Caldwell Sr. Community Park
- Installed fitness court and shade structure at Veterans Memorial Park

Relevant Financial Policies

In accordance with the City's Budget Policy, the budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's Director of Finance, and expenditure estimates by each City department. Budgets are reviewed by the City Manager and the Director of Finance, and a preliminary draft of the proposed budget is submitted to the Mayor for review. Following the Mayor's review, the draft budget is referenced during budget workshops. It is the responsibility of the City Manager to present the City's annual operating budget to the City Council for their approval.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, Director of Finance, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

The legal level of budgetary control is maintained at the fund level – budget amendments increasing total expenditures within a fund require formal approval by the City Council. Transfer of appropriations within a department and within funds may be made with approval from the City Manager or his designee. Transfers between funds or additional appropriation require the approval of the City Council.

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 75-90 days of expenditures. If unassigned fund balance falls below the goal or has a deficiency, the City will implement a plan to restore the 75-90-day unassigned fund balance reserves.

During the fiscal year, expenditure controls are maintained by each department head with overall review by the Director of Finance. Weekly departmental expenditures are generated by an automated management accounting system and provide expenditure totals for each week, month, as well as a year-to-date total, and an actual versus planned rate of expenditure.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provides reasonable assurance of proper recording of financial transactions.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Princeton for its annual comprehensive report for the fiscal year ended September 30, 2023. This was the 11th consecutive year that the government has achieved this prestigious award, In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy the generally accepted accounting principles and applicable requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for fiscal year 2023 – the City's tenth consecutive receipt of this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operational guide, and a communication device.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council of the City of Princeton, preparation of this report would not have been possible.

Submitted respectfully,

Michael Mashburn
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Princeton
Texas

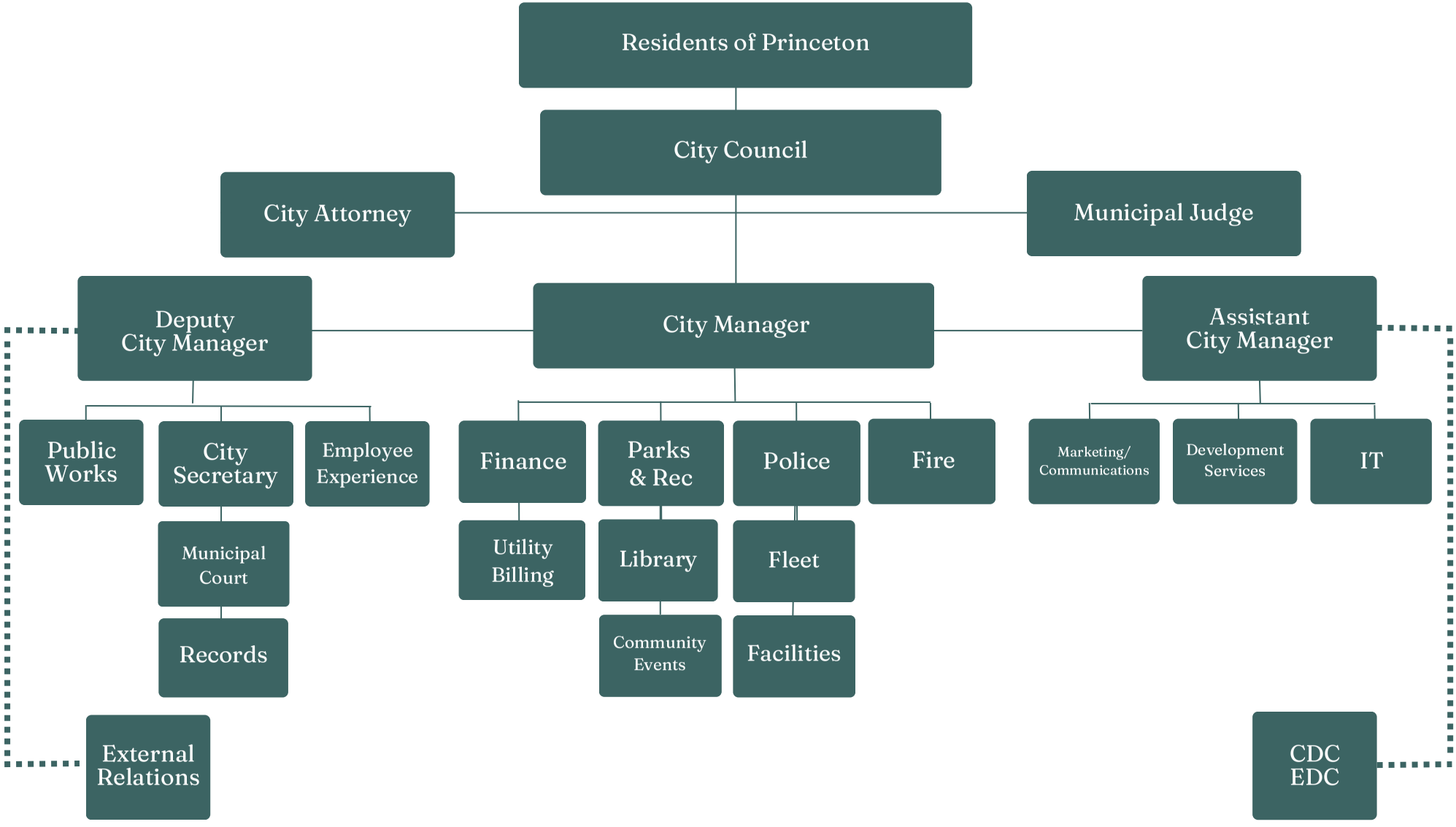
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Princeton
Organizational Chart



Management Team

- **Michael Mashburn,** City Manager
- **John Land,** Deputy City Manager
- **Allison Cook,** Assistant City Manager
- **Amber Anderson,** City Secretary
- **Grant Lowry,** City Attorney
- **Dana Huffman,** City Judge

Department Directors

- **Chase Bryant,** Director of Parks & Recreation
- **Craig Fisher,** Director of Development Services
- **Erin Mudie,** Director of Marketing and Communications
- **Fallan Carillo,** Director of Employee Experience
- **Glenda Puckett,** Library Director
- **James Waters,** Chief of Police
- **Rick Irvine,** Director of IT Infrastructure Services
- **Sophie Packard,** Director of Finance
- **Steven Gammons,** Fire Chief
- **Tommy Mapp,** Director of Public Works

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CITY COUNCIL

BRIANNA CHACÓN, MAYOR

STEVEN DEFFIBAUGH, MAYOR PRO TEM, PLACE 5

DAVID KLEIBER, PLACE 1

MARLO OBERA, PLACE 2

BRIAN WASHINGTON, PLACE 3

RYAN GERFERS, PLACE 4

BEN LONG, PLACE 6

CAROLYN DAVID-GRAVES, PLACE 7

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FINANCIAL SECTION

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Princeton, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Princeton, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

Accounting Corrections

As discussed in Note V.H to the financial statements, the City restated the beginning net position/fund balance within government activities and the general fund to properly reflect corrections to capital assets, leases, and capital outlays in the prior year. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical, and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
April 3, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Princeton, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

As management of the City of Princeton, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2024 by $353,997,136. Of this amount, $59,703,480 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $92,993,171. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $50,789,440 at September 30, 2024, an increase of $6,645,006 from the prior fiscal year; this includes an increase of $1,309,340 in the general fund, an increase of $1,193,347 in the debt service fund, a decrease of $2,861,796 in the TIRZ #1 fund, an increase of $4,100,002 in the streets project fund, an increase of $4,451,732 in the parks project fund, and a decrease of $1,547,619 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $10,038,597 or 37% of total general fund expenditures.

- The City's total long-term bonds, tax notes, notes payable, and lease liabilities reflected a net decrease (including premiums) of $4,431,667. The total governmental long-term debt at the close of the fiscal year was $50,128,265. Self-supporting debt of the proprietary fund was $54,558,907.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, library, parks and recreation and development services. The business-type activities of the City include utility and storm water drainage operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Princeton Economic Development Corporation and Princeton Municipal Development District, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zone (TIRZ), although also legally separate, function for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, TIRZ fund, street projects fund, and park projects fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund, TIRZ fund, debt service fund, street projects fund, court fund, police fund, and American Rescue Plan Act Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its utility operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for future capital and equipment purchases.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and the storm water drainage fund because both are considered major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. The funding for the developments are derived from PID bonds that are held in trust by the City. The City is responsible for ensuring that the assets reported are used for their intended purposes. These custodial funds use the economic resources measurement focus.

Component Units

The City maintains the accounting and financial statements for three component units. The Princeton Economic Development Corporation and the Princeton Community Development Corporation are reported as discrete component units on the government-wide financial statements. The Tax Increment Reinvestment Zone (TIRZ) fund is presented as a blended component unit and is considered a major governmental fund for the current fiscal year.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund and impact fee fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Princeton, assets and deferred outflows exceeded liabilities and deferred inflows by $353,997,136 as of September 30, 2024 in the primary government.

The largest portion of the City's net position, $245,993,671, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total current and other assets of the primary government increased by $19,252,650. The increase was primarily due to current year operating surpluses.

Total capital assets of the primary government increased by $68,447,377 was primarily attributable to new capital contributions for street/roadway improvements and utility infrastructure in the current year.

Total other liabilities of business-type activities decreased by $1,033,896 primarily due to greater outstanding vendor payables and unpaid retainage for capital improvement projects at the end of the prior year.

Total long-term liabilities of the primary government decreased by $4,635,402 primarily due to current year principal payments outweighing new lease and note issuances.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

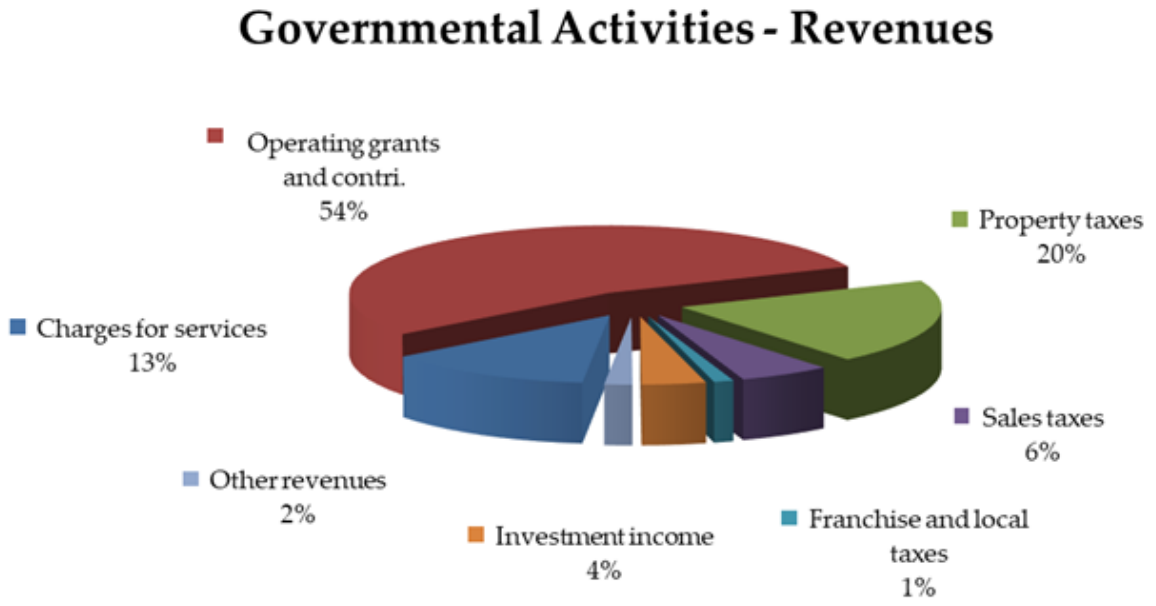
	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 57,533,669	$ 58,410,957	$ 115,944,626	$ 49,026,974	$ 47,665,002	$ 96,691,976
Long-term receivables	5,429,781	-	5,429,781	5,907,323	-	5,907,323
Capital assets, net	165,062,037	182,023,643	347,085,680	140,142,332	138,495,971	278,638,303
Total Assets	228,025,487	240,434,600	468,460,087	195,076,629	186,160,973	381,237,602
Total Deferred Outflows	1,569,987	505,420	2,075,407	1,507,402	507,094	2,014,496
Other liabilities	9,270,157	6,231,194	15,501,351	9,307,231	7,265,090	16,572,321
Long-term liabilities	47,439,149	53,504,124	100,943,273	50,670,810	54,907,865	105,578,675
Total Liabilities	56,709,306	59,735,318	116,444,624	59,978,041	62,172,955	122,150,996
Total Deferred Inflows	78,370	15,364	93,734	83,641	13,496	97,137
Net Position:						
Net investment in capital assets	116,284,469	129,709,202	245,993,671	91,909,419	83,383,917	175,293,336
Restricted	36,774,331	11,525,654	48,299,985	28,061,829	13,955,894	42,017,723
Unrestricted	19,748,998	39,954,482	59,703,480	16,551,101	27,141,805	43,692,906
Total Net Position	$ 172,807,798	$ 181,189,338	$ 353,997,136	$ 136,522,349	$ 124,481,616	$ 261,003,965

Statement of Activities:

The following table provides a summary of the City's changes in net position:

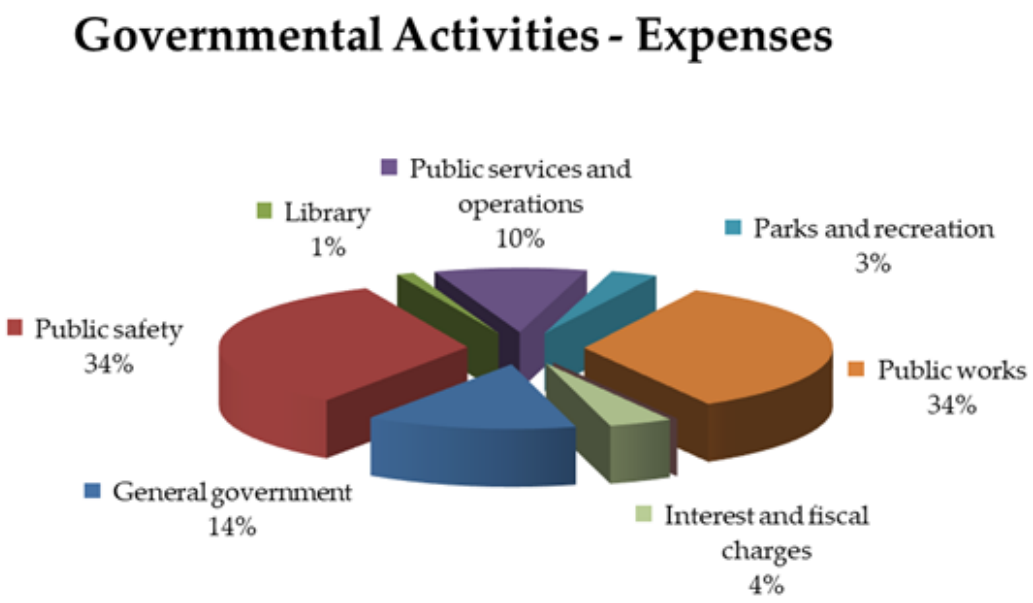
	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 9,194,173	$ 40,851,484	$ 50,045,657	$ 8,741,799	$ 30,516,679	$ 39,258,478
Operating grants and contri.	931,007	-	931,007	828,125	675,319	1,503,444
Capital grants and contri.	37,533,955	41,944,631	79,478,586	20,610,447	20,538,737	41,149,184
General revenues:						
Property taxes	14,521,870	-	14,521,870	13,084,667	-	13,084,667
Sales taxes	4,037,443	-	4,037,443	3,359,746	-	3,359,746
Franchise and local taxes	877,872	-	877,872	754,629	-	754,629
Investment income	2,846,059	2,120,622	4,966,681	2,012,953	1,750,485	3,763,438
Other revenues	1,237,410	94,233	1,331,643	1,323,879	13,285	1,337,164
Total Revenues	71,179,789	85,010,970	156,190,759	50,716,245	53,494,505	104,210,750
Expenses						
General government	4,938,898	-	4,938,898	3,668,100	-	3,668,100
Public safety	12,133,301	-	12,133,301	9,582,884	-	9,582,884
Library	405,790	-	405,790	357,341	-	357,341
Public services and operations	3,577,431	-	3,577,431	2,549,290	-	2,549,290
Parks and recreation	1,098,652	-	1,098,652	1,141,138	-	1,141,138
Public works	12,327,808	-	12,327,808	8,041,809	-	8,041,809
Water and sewer	-	23,667,391	23,667,391	-	20,281,756	20,281,756
Storm water drainage	-	1,655,052	1,655,052	-	1,774,521	1,774,521
Interest and fiscal charges	1,487,352	1,905,913	3,393,265	1,380,047	1,890,793	3,270,840
Total Expenses	35,969,232	27,228,356	63,197,588	26,720,609	23,947,070	50,667,679
Change in Net Position Before Transfers	35,210,557	57,782,614	92,993,171	23,995,636	29,547,435	53,543,071
Transfers	1,074,892	(1,074,892)	-	(130,480)	130,480	-
Total	1,074,892	(1,074,892)	-	(130,480)	130,480	-
Change in Net Position	36,285,449	56,707,722	92,993,171	23,865,156	29,677,915	53,543,071
Beginning Net Position, as previously stated	136,522,349	124,481,616	261,003,965	112,657,193	94,803,701	207,460,894
Ending Net Position	$ 172,807,798	$ 181,189,338	$ 353,997,136	$ 136,522,349	$ 124,481,616	$ 261,003,965

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



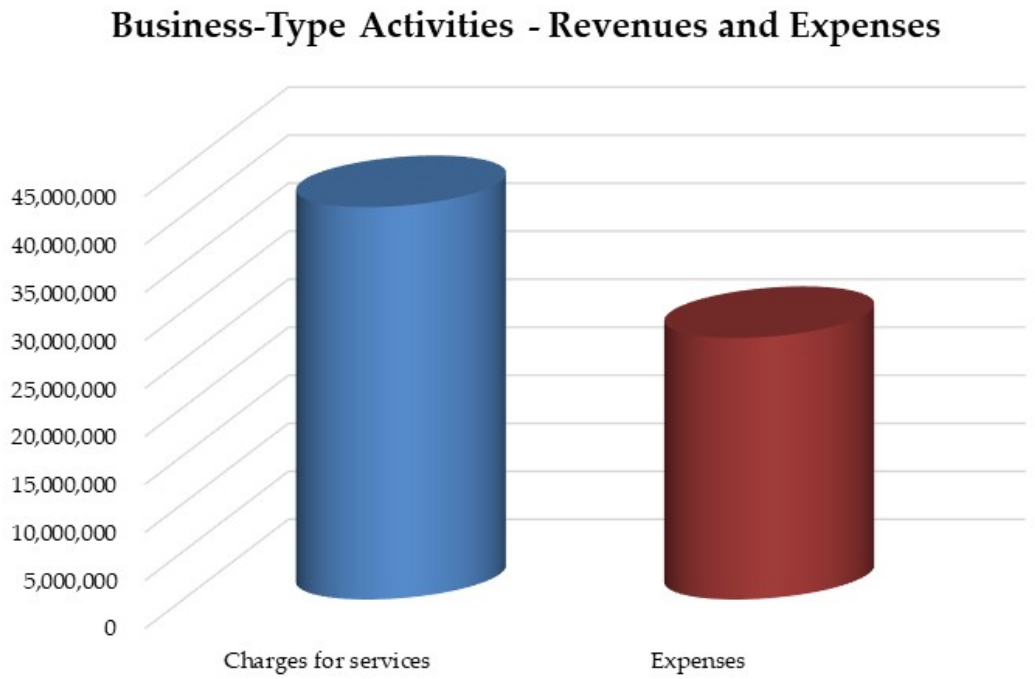
For the year ended September 30, 2024, revenues from governmental activities totaled $71,179,789. Operating grants and contributions, property taxes, and charges for services are the City's largest general revenue sources. Overall revenue increased $20,463,544 or 40%. Property taxes increased by $1,437,203 or 11% during the current year. The increase is primarily due to greater appraised property values in the current year as a result of continued growth and development throughout the community. Operating grants and contributions increased by $102,882 or 12% primarily due to nonrecurring intergovernmental funds received from Collin County for fire/ambulance services. Capital grants and contributions increased by $16,923,508 or 82% due to nonrecurring developer contributions in the current year. Charges for services increased by $452,374 or 5% primarily due to nonrecurring building permits in the current year. Sales taxes increased by $677,697 or 20% due to continued economic growth fueled by local purchases. Investment income increased by $833,106 or 41% due primarily to higher interest rates and higher interest bearing account balances in the current year. Franchise and local taxes increased by $123,243 or 16% primarily due to an overall increase in franchise fee income related to greater electrical, gas, and garbage usage in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2024, expenses for governmental activities totaled $35,969,232. This represents an increase of $9,248,623 or 35% from the prior year. The City's largest functional expense is public safety of $12,133,301. Public safety expenses increased by $2,550,417 or 27% primarily due to greater personnel costs resulting from increased compensation related to new hires and annual raises approved in the current year. In addition, the City incurred greater asset depreciation expenses and spent more on personal protective equipment in the current year. Public works expense increased by $4,285,999 or 53% which is primarily due to greater depreciation expense, personnel costs, and nonrecurring street lighting maintenance in the current year. General government increased by $1,270,798 or 35% primarily due to greater personnel costs, contract services, and information technology expenses in the current year. Public services expenses increased by $1,028,141 or 40% primarily due to greater personnel costs, nonrecurring engineering services, community event costs, and building maintenance costs in the current year. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2024, charges for services by business-type activities totaled $40,851,484. This is an increase of $10,334,805 or 34% from the previous year. This increase directly relates to the City's growth, greater active customer accounts, and greater overall utility consumption during the current year. Operating grants decreased by $675,319 or 100% which is directly related to the nonrecurring GTUA reimbursement received related to the Forest Grove project in the prior year. Capital grants and contributions increased by $21,405,894, or over 100%, as a result of capital contributions received from local developers as part of the continued expansion and growth within the City. Investment income increased by $370,137 or over 100% primarily due to greater interest-bearing accounts and realization of higher interest rates during the current year.

Total expenses increased $3,281,286 or 14%, to a total of $27,228,356. This increase is due primarily to greater water purchases from North Texas Municipal Water District and greater solid waste collection, which is in line with the increase in active customer accounts compared to the prior year. In addition, there was an increase in personnel costs related to new hires and salary increases over the course of the year.

Storm water drainage expenses decreased $119,469 or 7% primarily due to the decline in asset depreciation expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2024, the City's governmental funds reported combined fund balances of $50,789,440, an increase of $6,645,006 in comparison with the prior year. Approximately 20% of this amount, $10,034,576, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted. The amount* not in spendable form is $184,916, and the amount restricted for particular purposes, $40,569,948.

As of the end of the year the general fund reflected a total fund balance of $10,337,862. Of this, $184,916 is considered nonspendable, $114,349 is considered restricted, and $10,038,597 is unassigned. The general fund balance increased by $1,309,340 compared to the budgeted increase of $823,470. The fund's increase was primarily due to greater than anticipated sales taxes and charges for services and greater than expected other financing sources. In addition, the fund reflected greater taxes, license and permit revenue, and other revenues compared to what was received in the prior year.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 38% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $10,038,597 is 37% of total general fund expenditures.

The debt service fund had an ending fund balance of $4,104,077 at September 30, 2024, an increase of $1,193,347. The increase was a result of greater than anticipated property tax and interest income during the current year.

The TIRZ fund had an ending fund balance of $57,186, a decrease of $2,861,796. The decrease was solely a result of transfers out to the general fund due to the termination of TIRZ #1 during the year.

The street projects fund had an ending fund balance of $16,119,301, an increase of $4,100,002. The increase was primarily a result of greater than anticipated roadway impact fees received in the current year. Impact and development increased significantly by $4,313,133 when compared to the prior year.

The park projects fund had an ending fund balance of $13,804,495, an increase of $4,451,732. The increase is primarily due to greater PID and park development fees in the current year. During the

year, the City expended $1,287,179 on various projects, utilizing funds designated for capital projects. Capital outlay expenses decreased by $4,458,288 when compared to the prior year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position for the utility and storm draining fund totaled $181,189,338. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to $39,954,482. Total net position increased $56,707,722. The funds had net investment in capital assets of $129,709,202. The City operates and maintains a utility distribution system with force mains and lift stations. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $41,944,631 consisting of utility infrastructure.
- Operational expenses excluding depreciation and amortization were $18,222,847.
- Cash and cash equivalents in the proprietary funds were $15,598,766 at fiscal yearend.
- Investment balances (qualifying as cash equivalents) in the proprietary funds were $33,655,765 at fiscal yearend.

An internal service fund was established to track and allocate resources for future equipment purchases. Revenue for the fund consists of budgeted transfers from the General Fund and Utility Fund. The fund was created at the end of the current fiscal year and, as a result, reported no expenses during the year. The ending fund balance was $2,000,000, which will be retained to support future equipment acquisitions.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive variance of $941,160 over budgeted general fund revenues. There was a total negative variance of $1,352,869 in budgeted expenditure appropriations. $411,709 was the budget deficit of revenues over expenditures before other financing sources (uses). There was a total net positive budget variance of $485,870. Total expenditures (including transfers out) exceeding appropriations at the legal level of control by $1,555,952.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $165,062,037 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $182,023,643 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by $68,447,377, net of depreciation.

Major capital asset events during the current year include the following:

- Purchased fifteen 2024 Chevy Tahoes for $477,104.
- Purchased vehicles/equipment through lease financing totaling $361,895.
- Made improvements to Fire Station No. 2 for $1,810,098.
- Improvements to 2nd Street totaling $1,173,316.
- Improvements to Caldwell park restrooms and shade sail for $679,994.
- Purchased new equipment for fire department for $2,017,721.
- Purchased new vehicles/equipment for police department totaling $508,771.
- Street infrastructure improvements totaling $26,608,798.
- Caldwell Park phase 1 buildout project expenses for $477,640.
- US 380 utility relocation investments for $145,183.
- Phase 1 & 2 improvements to Windmore water/sewer infrastructure totaling $8,610,241.
- Phase 9 & 10 improvements to Windchester water/sewer infrastructure totaling $6,711,595.
- Phase 3 & 5 improvements to Eastridge water/sewer infrastructure totaling $4,883,971.
- Phase 2 improvements to Forest Park water/sewer infrastructure totaling $453,937.
- Phase 2A improvements to Southridge water/sewer infrastructure for $4,048,207.
- Improvements to Hazelwood south water system for $4,045,592.
- Improvements to the Penmatsa sewer infrastructure totaling $2,073,874.
- Purchased freightliner sewer truck for $488,716.
- Purchased various public works equipment for $163,479.
- Elevated storage tank improvements totaling $618,058.
- Dogwood pump station improvements for $2,704,072.
- Eastridge booster station improvements totaling $4,022,913.
- New storm water infrastructure improvements and additions totaling $11,117,214.

More detailed information about the City's capital assets is presented in note IV.C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total debt obligations (including premiums) of $104,687,172. Of this amount, $53,128,569 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. The City entered into new notes payable agreements totaling $884,145 in the current year. The City entered into multiple lease agreements during the current year totaling $361,895. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Princeton and improving services provided to their public citizens. The City is budgeting for continued growth when preparing the budget for the upcoming year.

The 2024-2025 Fiscal Year Budget was approved by City Council on September 16, 2024. The tax rate adopted that same day was $0.440226 per $100 assessed value, remaining stable with the previous year's rate. The City's Ad Valorem tax base is expected to grow in new property again this year. It is estimated this new property will add $1,899,290 in additional ad valorem revenues. This increase will help to offset the growing increase in the City's operating costs to provide adequate services to the citizens of Princeton, Texas.

Highlights of the 2025 budget include:

- A balanced budget, with total revenues equal to or greater than total expenditures.
- Implemented pay-as-you-go (PAYGO) funding to improve flexibility and reduce the growth of debt and associated interest payments.
- Proposed compensation plan to ensure competitive and fair wages.
- Adding 21 additional full-time employees.

The total combined revenue budget for the fiscal year 2024-2025 totals $135,369,706. This is due, in large part, to an increase in charges for services in the Water & Wastewater Fund, the issuance of bonds, and building permits due to continued development. Total combined expenditures budgeted for the fiscal year 2024-2025 were $112,673,670. This includes funding for both operating and capital purposes. This amount represents a $41,831,760 increase, or 59%. This is due in large part to debt to be issued in FY25 and construction of parks projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 2000 E. Princeton Rd., Princeton Texas 75407 or call (972) 736-2416.

PRINCETON

TEXAS

FINANCIAL STATEMENTS

City of Princeton, Texas

STATEMENT OF NET POSITION

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 56,931,185	$ 51,414,285	$ 108,345,470
Investments	566,828	-	566,828
Receivables, net	1,054,971	4,764,032	5,819,003
Note receivable due from component unit	942,813	-	942,813
Inventory	64,849	84,997	149,846
Prepaids	120,067	599	120,666
Internal balances	(2,147,044)	2,147,044	-
Total Current Assets	57,533,669	58,410,957	115,944,626
Noncurrent assets:			
Note receivable due from component unit	5,429,781	-	5,429,781
Note receivable	-	-	-
Capital assets:			
Non-depreciable	19,613,187	17,226,793	36,839,980
Net depreciable capital assets	145,448,850	164,796,850	310,245,700
Noncurrent Assets	170,491,818	182,023,643	352,515,461
Total Assets	228,025,487	240,434,600	468,460,087
Deferred Outflows of Resources			
Pension outflows	1,497,525	293,594	1,791,119
OPEB outflows	16,575	3,250	19,825
Deferred charge on refunding	55,887	208,576	264,463
Total Deferred Outflows of Resources	$ 1,569,987	$ 505,420	$ 2,075,407

Component Units	
EDC	CDC
$ 7,330,022	$ 3,897,135
-	-
354,949	346,068
-	-
-	-
-	-
-	-
7,684,971	4,243,203
-	-
1,332,174	-
1,433,663	18,532
1,745,882	1,434,647
4,511,719	1,453,179
12,196,690	5,696,382
-	-
-	-
-	-
$ -	$ -

City of Princeton, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 3,320,348	$ 2,103,873	$ 5,424,221
Accrued interest payable	169,228	137,367	306,595
Developer deposits	241,792	-	241,792
Customer deposits	-	2,411,367	2,411,367
Compensated absences - current	1,261,738	215,974	1,477,712
Long term debt due within one year	4,277,051	1,362,613	5,639,664
Current Liabilities	9,270,157	6,231,194	15,501,351
Noncurrent liabilities:			
Compensated absences, noncurrent	140,193	23,997	164,190
Long-term debt - noncurrent	45,851,214	53,196,294	99,047,508
Total pension liability	1,316,817	258,165	1,574,982
OPEB liability	130,925	25,668	156,593
Noncurrent Liabilities	47,439,149	53,504,124	100,943,273
Total Liabilities	56,709,306	59,735,318	116,444,624
Deferred Inflows of Resources			
Pension inflows	42,613	8,354	50,967
OPEB inflows	35,757	7,010	42,767
Total Deferred Inflows of Resources	78,370	15,364	93,734
Net Position			
Net investment in capital assets	116,284,469	129,709,202	245,993,671
Restricted for:			
Debt service	4,104,077	-	4,104,077
TIRZ activities	57,186	-	57,186
Use of impact fees	9,304,291	10,075,011	19,379,302
Capital improvements, including PEG fees	21,043,919	-	21,043,919
Public safety	264,858	-	264,858
Vehicle replacement	2,000,000	-	2,000,000
Storm water use	-	1,450,643	1,450,643
Economic development	-	-	-
Unrestricted	19,748,998	39,954,482	59,703,480
Total Net Position	$ 172,807,798	$ 181,189,338	$ 353,997,136

See Notes to Financial Statements.

Component Units	
EDC	CDC
$ 5,312	$ 99,813
-	-
-	-
-	-
-	-
105,258	837,555
110,570	937,368
-	-
696,413	4,733,368
-	-
-	-
696,413	4,733,368
806,983	5,670,736
-	-
-	-
-	-
3,179,545	1,453,179
-	-
-	-
-	-
-	-
-	-
-	-
-	-
8,210,162	-
-	(1,427,533)
$ 11,389,707	$ 25,646

City of Princeton, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 4,938,898	$ 789,169	$ 931,007	$ -
Public safety	12,133,301	504,837	-	-
Library	405,790	6,299	-	-
Public services and operations	3,577,431	6,863,624	-	26,135,610
Parks and recreation	1,098,652	380,244	-	-
Public works	12,327,808	650,000	-	11,398,345
Interest and fiscal charges	1,487,352	-	-	-
Total Governmental Activities	35,969,232	9,194,173	931,007	37,533,955
Business-Type Activities				
Water and sewer	25,573,304	39,894,812	-	30,827,417
Storm water drainage	1,655,052	956,672	-	11,117,214
Total Business-Type Activities	27,228,356	40,851,484	-	41,944,631
Total Primary Government	$ 63,197,588	$ 50,045,657	$ 931,007	79,478,586
Component Unit				
Princeton Economic Development Corporation	$ 457,621	$ -	$ -	$ -
Princeton Community Development Corporation	502,826	-	-	-
Total Component Units	$ 960,447	-	$ -	$ -
		General Revenues:		
		Taxes		
		Property taxes		
		Sales taxes		
		Franchise and local taxes		
		Investment income		
		Other revenues		
		Transfers		
		Total General Revenues and Transfers		
		Change in Net Position		
		Beginning Net Position		
See Notes to Financial Statements.		**Ending Net Position**		

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	EDC	CDC
$ (3,218,722)	$ -	$ (3,218,722)	$ -	$ -
(11,628,464)	-	(11,628,464)	-	-
(399,491)	-	(399,491)	-	-
29,421,803	-	29,421,803	-	-
(718,408)	-	(718,408)	-	-
(279,463)	-	(279,463)	-	-
(1,487,352)	-	(1,487,352)	-	-
11,689,903	-	11,689,903	-	-
-	45,148,925	45,148,925	-	-
-	10,418,834	10,418,834	-	-
-	55,567,759	55,567,759	-	-
11,689,903	55,567,759	67,257,662	-	-
			(457,621)	-
			-	(502,826)
			(457,621)	(502,826)
14,521,870	-	14,521,870	-	-
4,037,443	-	4,037,443	2,014,575	2,014,575
877,872	-	877,872	-	-
2,846,059	2,120,622	4,966,681	302,260	135,151
1,237,410	94,233	1,331,643	26,843	-
1,074,892	(1,074,892)	-	-	-
24,595,546	1,139,963	25,735,509	2,343,678	2,149,726
36,285,449	56,707,722	92,993,171	1,886,057	1,646,900
136,522,349	124,481,616	261,003,965	9,503,650	(1,621,254)
$ 172,807,798	$ 181,189,338	$ 353,997,136	$ 11,389,707	$ 25,646

City of Princeton, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Debt Service	TIRZ	Street Projects	Park Projects	Total Nonmajor Governmental	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 12,378,066	$ 4,103,247	$ 57,186	$ 16,893,355	$ 13,900,443	$ 6,679,532	$ 54,011,829
Investments	566,828	-	-	-	-	-	566,828
Receivables, net	962,886	86,538	-	-	-	5,547	1,054,971
Notes receivable (CU's)	-	6,372,594	-	-	-	-	6,372,594
Due from other funds	-	-	-	-	-	3,186	3,186
Inventories	64,849	-	-	-	-	-	64,849
Prepaids	120,067	-	-	-	-	-	120,067
Restricted assets:							
Cash and cash equivalents	919,356		-				919,356
Total Assets	$ 15,012,052	$ 10,562,379	$ 57,186	$ 16,893,355	$ 13,900,443	$ 6,688,265	$ 63,113,680
Liabilities							
Accounts payable and accrued liabilities	$ 2,342,311	$ 2,149	$ -	$ 561,609	$ 95,948	$ 318,331	$ 3,320,348
Developer deposits	29,347	-	-	212,445	-	-	241,792
Due to other funds	2,146,815	-	-	-	-	3,415	2,150,230
Total Liabilities	4,518,473	2,149	-	774,054	95,948	321,746	5,712,370
Deferred Inflows of Resources							
Unavailable revenue -							
Property taxes	126,799	83,559	-	-	-	-	210,358
Notes receivable (CU's)	-	6,372,594	-	-	-	-	6,372,594
Court	28,918	-	-	-	-	-	28,918
Total Deferred Inflows	155,717	6,456,153	-	-	-	-	6,611,870
Fund Balances							
Nonspendable for:							
Prepaids	120,067	-	-	-	-	-	120,067
Inventories	64,849	-	-	-	-	-	64,849
Restricted for:							
Debt service	-	4,104,077	-	-	-	-	4,104,077
TIRZ activities	-	-	57,186	-	-	-	57,186
Capital improvements	-	-	-	16,119,301	-	6,105,682	22,224,983
Public safety	-	-	-	-	-	264,858	264,858
Parks and recreation	-	-	-	-	13,804,495	-	13,804,495
PEG	114,349	-	-	-	-	-	114,349
Unassigned	10,038,597	-	-	-	-	(4,021)	10,034,576
Total Fund Balances	10,337,862	4,104,077	57,186	16,119,301	13,804,495	6,366,519	50,789,440
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 15,012,052	$ 10,562,379	$ 57,186	$ 16,893,355	$ 13,900,443	$ 6,688,265	$ 63,113,680

See Notes to Financial Statements.

City of Princeton, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2024

Fund Balances - Total Governmental Funds	$	50,789,440
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		19,613,187
Capital assets - net depreciable		145,448,850
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property taxes		210,358
Notes receivable from component unit		6,372,594
Court		28,918
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.		
Deferred charge on refunding		55,887
Deferred outflows of resources - Pension		1,497,525
Deferred outflows of resources - OPEB		16,575
Deferred inflow of resources - Pension		(42,613)
Deferred inflow of resources - OPEB		(35,757)
Internal service funds are used by management to charge the cost of vehicle replacement to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,000,000
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Bonds and tax notes payable		(42,976,430)
Bond premium/discount		(3,283,825)
Notes payable		(3,323,650)
Leases payable		(544,360)
Accrued interest		(169,228)
Compensated absences		(1,401,931)
Total pension liability		(1,316,817)
Total OPEB liability		(130,925)
Net Position of Governmental Activities	$	172,807,798

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2024

	General	Debt Service	TIRZ	Street Projects	Park Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property tax	$ 8,538,993	$ 5,895,263	$ 32,370	$ -	$ -	$ -	$ 14,466,626
Sales tax	4,037,443	-	-	-	-	-	4,037,443
Franchise and local taxes	877,872	-	-	-	-	-	877,872
Impact and development fees	-	-	-	6,270,942	2,690,603	-	8,961,545
Charges for services	5,072,199	-	-	-	-	-	5,072,199
License and permits	3,692,494	-	-	-	-	-	3,692,494
Intergovernmental	931,007	-	-	-	-	-	931,007
Fines and forfeitures	332,785	-	-	-	-	107,404	440,189
Contributions	-	-	-	-	2,436,800	-	2,436,800
Interest income	994,069	240,237	13,442	677,522	594,871	325,918	2,846,059
Other revenue	1,232,530	-	-	-	-	4,880	1,237,410
Total Revenues	25,709,392	6,135,500	45,812	6,948,464	5,722,274	438,202	44,999,644
Expenditures							
Current:							
General government	4,137,591	5,991	-	-	-	180,696	4,324,278
Public services and operations	3,513,468	-	-	-	-	-	3,513,468
Public works	3,246,698	-	-	-	-	-	3,246,698
Public safety	12,131,590	-	-	-	-	37,375	12,168,965
Library	381,934	-	-	-	-	-	381,934
Parks and recreation	240,921	-	-	-	-	-	240,921
Debt Service:							
Principal	776,716	3,453,489	-	-	-	-	4,230,205
Interest and fiscal charges	161,498	1,403,960	-	-	-	-	1,565,458
Capital outlay	2,710,185	-	-	3,028,475	1,287,179	1,894,115	8,919,954
Total Expenditures	27,300,601	4,863,440	-	3,028,475	1,287,179	2,112,186	38,591,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,591,209)	1,272,060	45,812	3,919,989	4,435,095	(1,673,984)	6,407,763
Other Financing Sources (Uses)							
Transfers in	2,941,281	-	-	180,013	62,310	188,675	3,372,279
Transfers (out)	(1,203,083)	(78,713)	(2,907,608)	-	(45,673)	(62,310)	(4,297,387)
Note issuance	884,145	-	-	-	-	-	884,145
Lease issuance	278,206	-	-	-	-	-	278,206
Total Other Sources (Uses)	2,900,549	(78,713)	(2,907,608)	180,013	16,637	126,365	237,243
Net Change in Fund Balances	1,309,340	1,193,347	(2,861,796)	4,100,002	4,451,732	(1,547,619)	6,645,006
Fund balances, 9/30/2023, as previously presented	6,520,395	2,910,730	2,918,982	12,019,299	9,352,763	7,914,138	41,636,307
Error corrections	2,508,127	-	-	-	-	-	2,508,127
Fund balances, 9/30/2023, as adjusted	9,028,522	2,910,730	2,918,982	12,019,299	9,352,763	7,914,138	44,144,434
Ending Fund Balances	$ 10,337,862	$ 4,104,077	$ 57,186	$ 16,119,301	$ 13,804,495	$ 6,366,519	$ 50,789,440

See Notes to Financial Statements.

City of Princeton, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	6,645,006
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		8,394,124
Depreciation expense		(9,610,030)
Developer contributions		26,135,610
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		44,535
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(435,240)
Pension expense		(14,504)
OPEB expense		(20,012)
Accrued interest		14,227
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Net change in deferred charges on refunding		(5,589)
Lease issuances		(278,206)
Note issuances		(884,145)
Principal payments on long-term debt		4,230,205
Amortization of debt premium and discount		69,468
Internal service funds are used by management to charge the cost of vehicle replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		2,000,000
Change in Net Position of Governmental Activities	$	36,285,449

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2024

	Business-type Activities			Governmental Activities
Assets	**Water & Sewer**	**Storm Water Drainage**	**Total Proprietary Funds**	**Internal Service Funds**
Current Assets				
Cash and cash equivalents	$ 49,254,531	$ 2,159,754	$ 51,414,285	$ 2,000,000
Receivables, net	4,641,280	122,752	4,764,032	-
Due from other funds	2,147,044	-	2,147,044	-
Prepaid items	599	-	599	-
Inventory	84,997	-	84,997	-
Total Current Assets	56,128,451	2,282,506	58,410,957	2,000,000
Noncurrent Assets				
Capital assets:				
Non-depreciable	17,226,793	-	17,226,793	-
Net depreciable capital assets	132,862,763	31,934,087	164,796,850	-
Total Noncurrent Assets	150,089,556	31,934,087	182,023,643	-
Total Assets	206,218,007	34,216,593	240,434,600	2,000,000
Deferred Outflows of Resources				
Pension outflows	275,362	18,232	293,594	-
OPEB outflows	3,048	202	3,250	-
Deferred charge on refunding	208,576	-	208,576	-
Total Deferred Outflows	$ 486,986	$ 18,434	$ 505,420	$ -

City of Princeton, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2024

	Business-type Activities			Governmental Activities
	Water & Sewer	Storm Water Drainage	Total Proprietary Funds	Internal Service Funds
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 2,092,160	$ 11,713	$ 2,103,873	$ -
Accrued interest	137,367	-	137,367	-
Customer deposits	2,411,367	-	2,411,367	-
Compensated absences - current	209,679	6,295	215,974	-
Long-term debt - current	1,362,613	-	1,362,613	-
Total Current Liabilities	6,213,186	18,008	6,231,194	-
Noncurrent Liabilities				
Compensated absences, noncurrent	23,298	699	23,997	-
Long-term debt - noncurrent	53,196,294	-	53,196,294	-
Total pension liability	242,133	16,032	258,165	-
OPEB liability	24,074	1,594	25,668	-
Total Liabilities	59,698,985	36,333	59,735,318	-
Deferred Inflows of Resources				
Pension inflows	7,836	518	8,354	-
OPEB inflows	6,575	435	7,010	-
Total Deferred Inflows	14,411	953	15,364	-
Net Position				
Net investment in capital assets	97,775,115	31,934,087	129,709,202	-
Restricted for:				
Impact fees	10,075,011	-	10,075,011	-
Storm water	-	1,450,643	1,450,643	-
Vehicle replacement	-	-	-	2,000,000
Unrestricted	39,141,471	813,011	39,954,482	-
Total Net Position	$ 146,991,597	$ 34,197,741	$ 181,189,338	$ 2,000,000

See Notes to Financial Statements.

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City of Princeton, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2024

	Business-type Activities			Governmental Activities
	Water & Sewer	Storm Water Drainage	Total Proprietary Funds	Internal Service Funds
Operating Revenues				
Charges for services	$ 33,941,327	$ 956,672	$ 34,897,999	$ -
Other revenue	94,233	-	94,233	-
Total Operating Revenues	34,035,560	956,672	34,992,232	-
Operating Expenses				
Personnel services	2,745,108	194,984	2,940,092	-
Water purchases	5,279,738	-	5,279,738	-
Supplies and materials	915,385	20,073	935,458	-
Repairs and maintenance	732,251	115,737	847,988	-
Utilities	3,416,374	-	3,416,374	-
Contractual services	4,824,038	9,557	4,833,595	-
Depreciation	5,754,497	1,314,701	7,069,198	-
Total Operating Expenses	23,667,391	1,655,052	25,322,443	-
Operating Income (Loss)	10,368,169	(698,380)	9,669,789	-
Nonoperating Revenues (Expenses)				
Impact fees	5,953,485	-	5,953,485	-
Interest income	2,054,532	66,090	2,120,622	-
Interest (expense)	(1,905,913)	-	(1,905,913)	-
Total Nonoperating Revenues (Expenses)	6,102,104	66,090	6,168,194	-
Income (Loss) Before Capital Contributions and Transfers	16,470,273	(632,290)	15,837,983	-
Capital Contributions and Transfers				
Capital contributions	30,827,417	11,117,214	41,944,631	-
Transfers in	105,121	-	105,121	2,000,000
Transfers (out)	(1,180,013)	-	(1,180,013)	-
Change in Net Position	46,222,798	10,484,924	56,707,722	2,000,000
Beginning net position	100,768,799	23,712,817	124,481,616	-
Ending Net Position	$ 146,991,597	$ 34,197,741	$ 181,189,338	$ 2,000,000

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Cash Flows from Operating Activities			
Receipts from customers	$ 33,631,535	$ 939,167	$ 34,570,702
Payments to suppliers	(17,675,578)	(139,304)	(17,814,882)
Payments to employees	(2,756,886)	(190,300)	(2,947,186)
Net Cash Provided (Used) by Operating Activities	13,199,071	609,563	13,808,634
Cash Flows from Noncapital Financing Activities			
Transfers (out)	(1,180,013)	-	(1,180,013)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,074,892)	-	(1,074,892)
Cash Flows from Capital and Related Financing Activities			
Capital purchases	(9,791,649)	-	(9,791,649)
Impact fees	5,953,485	-	5,953,485
Principal paid on debt	(1,320,591)	-	(1,320,591)
Interest paid on debt	(1,950,212)	-	(1,950,212)
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,108,967)	-	(7,108,967)
Cash Flows from Investing Activities			
Interest on investments	2,054,532	66,090	2,120,622
Net Cash Provided (Used) by Investing Activities	2,054,532	66,090	2,120,622
Net Increase (Decrease) in Cash and Cash Equivalents	7,069,744	675,653	7,745,397
Beginning cash and cash equivalents	42,184,787	1,484,101	43,668,888
Ending Cash and Cash Equivalents	$ 49,254,531	$ 2,159,754	$ 51,414,285

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

	Water & Sewer	Storm Water Drainage	Total Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 10,368,169	$ (698,380)	$ 9,669,789
Adjustments to reconcile operating income to net cash provided:			
Depreciation	5,754,497	1,314,701	7,069,198
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(866,512)	(17,505)	(884,017)
Inventory	30,503	-	30,503
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(391,251)	6,063	(385,188)
Due from other funds	(2,147,044)	-	(2,147,044)
Compensated absences	38,168	3,726	41,894
Customer deposits	462,487	-	462,487
Deferred inflows/outflows - Pension	(12,184)	3,170	(9,014)
Deferred inflows/outflows - OPEB	(1,171)	31	(1,140)
OPEB liability	(4,942)	(2,258)	(7,200)
Net pension liability	(31,649)	15	(31,634)
Net Cash Provided (Used) by Operating Activities	$ 13,199,071	$ 609,563	$ 13,808,634
Schedule of Noncash Investing and Financing Activities:			
Developer contributions	$ 30,827,417	$ 11,117,214	$ 41,944,631
Change in capital related accrued liabilities	(1,223,099)	-	(1,223,099)
Lease issuance	83,689	-	83,689
	$ 29,688,007	$ 11,117,214	$ 40,805,221

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2024

		Fiduciary Funds
Assets		
Cash and cash equivalents		$ 62,399,996
Special assessment receivable		169,279,044
	Total Assets	231,679,040
Liabilities		
Long-term debt		169,279,044
	Total Liabilities	169,279,044
Net Position		
Restricted for public improvement district		62,399,996
	Total Net Position	$ 62,399,996

See Notes to Financial Statements.

City of Princeton, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

For the Year Ended September 30, 2023

		Fiduciary Funds
Additions		
Property owner assessments		$ 10,856,407
Impact fee recoveries		35,602,417
Investment earnings		2,623,064
	Total Additions	49,081,888
Deductions		
Payment to developer		26,179,763
Administrative expenses		446,772
Bond issuance costs		1,682,812
Debt service - interest		7,658,316
	Total Deductions	35,967,663
	Change in Net Position	13,114,225
Beginning net position		49,285,771
	Ending Net Position	$ 62,399,996

See Notes to Financial Statements.

PRINCETON

TEXAS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Princeton, Texas ("City") was incorporated in 1912 and has a Council/Manager form of government with a City Council comprised of Mayor and seven council members, as provided by its Home Rule Charter. Some of the services provided are: public safety (police and fire protection), municipal court, streets, water distribution, sewer treatment, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles ("GAAP") for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitles State and Local Governments-Audit and Accounting Guide. The Princeton Economic Development Corporation (the "PEDC") and the Princeton Community Development Corporation (the "CDC"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

Tax Increment Reinvestment Zone

The City created the Tax Increment Reinvestment Zone ("TIRZ") to provide additional financing resources to further enhance development within Zones 1 through 6. The City Council appoints the TIRZ Board, and Board members serve at the discretion of the Council. The TIRZ will terminate either upon a date designated by ordinance or upon the satisfaction of all project costs, tax increment bonds, notes, and obligations of the zone, whichever occurs earlier. The TIRZ is considered fiscally dependent on the City, as the City is responsible for approving its budget and any debt issuances. In addition, the City Council serves as the TIRZ Board, creating a shared governing body. The City also has operational responsibility for the TIRZ, managing its day-to-day operations and overseeing the implementation of its projects. Based on these factors, the TIRZ qualifies for blending under applicable accounting standards and is reported as a blended component unit of the City and as a major governmental fund. The TIRZ does not issue separate financial statements.

Discretely Presented Component Units

Princeton Economic Development Corporation

The Princeton Economic Development Corporation (the "EDC") was incorporated on October 1, 2005. The EDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the EDC occurs by the City transferring 1/4 of sales tax revenues collected by the City. The Corporation promotes development of commercial real estate, fosters local prosperity, and offers a competitive advantage for new, relocating, and expanding businesses.

Separate financial statements are not prepared.

Princeton Community Development Corporation

The Princeton Community Development Corporation (the "CDC") was incorporated on July 3, 1997. The CDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the CDC occurs by the City transferring 1/4 sales tax revenues collected by the City. These funds can be used for economic incentives and development and improvement in the quality of life for its citizens.

Separate financial statements are not prepared.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units and are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, leisure services, development services, and nondepartmental. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Funds

The Capital Projects funds consist of various types of financial resources and are utilized in the acquiring or constructing of street/roadway infrastructure, buildings, and park infrastructure within the City. These funds include the street project fund, building project fund, and park projects fund. The street project fund and park project fund are considered to be major funds for reporting purposes. The building project fund is considered to be nonmajor for reporting purposes.

Tax Increment Reinvestment Zone

The TIRZ fund accounts for the property and sales taxes collected in the TIRZ zone for the purpose of funding infrastructure and projects in particular development areas. This fund is considered major for reporting purposes.

The government reports the following major enterprise fund:

Water and Sewer Fund

The Water and Sewer Fund accounts for the operations of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed annually.

Storm Drainage Fund

The Storm Water Drainage Fund accounts for the City's storm water development and maintenance to the residents of the City.

Additionally, the government reports the following fund types:

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. The court, police ARPA, and business incentives funds are considered nonmajor for reporting purposes.

Internal Service Funds

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's only internal service fund is used to account for equipment replacement.

Fiduciary Funds

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. The funding for the developments are derived from PID bonds that are held in trust by the City. The City is responsible for ensuring that the assets reported are used for their intended purposes. These custodial funds use the economic resources measurement focus. The City reports eight fiduciary funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds use economic measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are

operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost

or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Right-to-use equipment	3 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	30 to 45 years
Buildings and improvements	15 to 45 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Leases

Lessee: The City is a lessee for noncancellable lease of equipment and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment

approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

14. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or

segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and comp time, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Sick time and extended leave do not roll over and is not paid upon separation from the City. Upon termination or retirement, an employee is reimbursed up to a maximum number of 160 hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, TIRZ, court, police, and American Rescue Plan funds. The capital project funds are appropriated on a project-length basis and often span a period of more than one year. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year, impacting certain governmental funds.

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available, or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended, if necessary.

A. Expenditures Exceeding Appropriations

During the year ended September 30, 2024, expenditures exceeded appropriations at the legal level of control in the general fund and tax increment reinvestment zone fund by $1,379,277 and $2,907,608 (including transfers out), respectively.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexStar are included in this category. Although the City's investments in TexStar are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required.

As of September 30, 2024, the primary government had the following investments:

Cash and Cash Equivalent	Value	Weighted Average Maturity (Years)	Credit Rating
Certificate of deposits	$ 566,828	0.39	-
External investment pools			
TexPool	63,025,035	0.07	AAAm
TexSTAR	22,639,770	0.11	AAAm
Total fair value	$ 86,231,633		

The discretely presented component units, Princeton EDC and CDC, had the following investments at year end:

Cash and Cash Equivalent	Value	Weighted Average Maturity (Years)	Credit Rating
TexPool	$ 9,050,560	0.07	AAAm
Total fair value	$ 9,050,560		

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed three years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service. As of September 30, 2024, the City's investment in TexPool was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of September 30, 2024, the fair values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

The TexStar Participant Services Local Government Investment Pool ("TexStar") is an external investment pool operated by First Southwest Asset Management, Inc. and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexStar and of other persons who do not have a business relationship with TexStar. The Advisory Board members review the investment policy and management fee structure. Standard & Poor's rates TexStar AAAm. At September 30, 2024, the fair value of the position in TexStar approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Receivables

1. The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Govt.	Water and Sewer	Storm Water Drainage	Total
Property taxes	$ 130,991	$ 86,538	$ -	$ -	$ -	$ 217,529
Sales tax	692,136	-	-	-	-	692,136
Franchise taxes	111,569	-	-	-	-	111,569
Fines	1,333,250	-	5,547	-	-	1,338,797
Accounts	-	-	-	5,026,029	137,201	5,163,230
Notes (CU's)	-	6,372,594	-	-	-	6,372,594
Other	1,552	-	-	-	-	1,552
Allowance	(1,306,612)	-	-	(384,749)	(14,449)	(1,705,810)
Total	$ 962,886	$ 6,459,132	$ 5,547	$ 4,641,280	$ 122,752	$ 12,191,597

2. The following comprise receivable balances of the component units at year end:

	Princeton EDC	Princeton CDC	Total
Sales tax	$ 346,068	$ 346,068	$ 692,136
Accounts	8,881	-	8,881
	$ 354,949	$ 346,068	$ 701,017

3. The 2021 General Obligation Refunding Bonds were issued in October 2021. One of the Bonds that this issue paid in full was the 2011 General Obligation Refunding Bonds. The Community Development Corporation agreed to continue to pay its portion of the refunded debt. The portion of this debt will be paid in full in FY 2029. As of the year ending September 30, 2024 the balance was $125,614.

   The Community Development Corporation agreed to pay a portion of the City's 2019 Tax Note by remitting to the City from the receipts of local sales and use taxes received by the Corporation. The CDC's portion of the 2019 Tax Note is for the construction of the Community Center. As of the year ending September 30, 2024 the balance was $560,000.

   The Community Development Corporation agreed to pay a portion of the City's 2021 Certificate of Obligation Bonds by remitting to the City from the receipts of local sales and use taxes received by the Corporation. The CDC's portion of the 2021 CO is for funding of park improvements. As of the year ending September 30, 2024 the balance was $4,885,000.

The Economic Development Corporation agreed to pay a portion of the City's 2016 Certificates of Obligation to the City from the receipts of local sales and use taxes received by the corporation. As of the year ending September 30, 2024 the balance was $801,980.

The following is a summary of long-term notes receivable for governmental activities:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances	Due in One Year
Long-Term Notes Receivables					
Community Development Corporation					
CDC Series 2021, Certificates of obligation	$ 4,885,000	$ -	$ -	$ 4,885,000	$ 430,000
CDC Series 2012, General obligation bonds	125,614	-	-	125,614	37,555
CDC Series 2019, Tax note	560,000	-	-	560,000	370,000
Economic Development Corporation					
EDC Series 2016, Certificates of obligation	801,980	-	-	801,980	105,258
Total Long-Term Notes Receivables	$ 6,372,594	$ -	$ -	$ 6,372,594	$ 942,813
Long-Term Notes Receivables due in more than one year				$ 5,429,781	

Year ending	CDC		EDC	
September 30,	Principal	Interest	Principal	Interest
2025	$ 837,555	$ 246,100	$ 105,258	$ 44,742
2026	435,720	112,957	54,335	20,665
2027	250,719	102,718	55,767	19,233
2028	263,310	94,014	56,895	18,105
2029	268,310	84,755	59,410	15,591
2030-2034	1,360,000	293,555	325,160	49,840
2035-2039	1,510,000	143,330	145,155	4,845
2040-2041	645,000	13,561	-	-
	$ 5,570,614	$ 1,090,990	$ 801,980	$ 173,021

4. The following comprises a note receivable balance of the component unit, Princeton Economic Development Corporation, at year end. The note was issued for the sale of land with a principal amount of $1,332,174 and an interest rate of 8%.

Year ending	Note Receivable	
September 30,	Principal	Interest
2025	$ -	$ 106,574
2026	-	106,574
2027	-	106,574
2028	-	106,574
2029	-	106,574
2030-2034	-	532,870
2035-2039	1,332,174	515,108
	$ 1,332,174	$ 1,580,848

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 5,775,180	$ -	$ -	$ 5,775,180
Construction in progress	12,846,296	4,833,718	(3,842,007)	13,838,007
Total capital assets not being	18,621,476	4,833,718	(3,842,007)	19,613,187
Capital assets, being depreciated:				
Buildings and improvements	38,071,427	34,500	-	38,105,927
Machinery and equipment	6,462,127	2,752,057	-	9,214,184
Right to use assets	953,734	300,661	-	1,254,395
Infrastructure	106,092,526	26,608,798	3,842,007	136,543,331
Total capital assets being depreciated	151,579,814	29,696,016	3,842,007	185,117,837
Less accumulated depreciation				
Buildings and improvements	4,787,176	658,277	-	5,445,453
Machinery and equipment	4,110,682	632,578	-	4,743,260
Right to use assets	417,248	276,944	-	694,192
Infrastructure	20,743,851	8,042,231	-	28,786,082
Total accumulated depreciation	30,058,957	9,610,030	-	39,668,987
Net capital assets being depreciated	121,520,857	20,085,986	3,842,007	145,448,850
Total Capital Assets	$ 140,142,333	$ 24,919,704	$ -	$ 165,062,037

Depreciation was charged to governmental functions as follows:

General government	$ 532,847
Public safety	700,705
Public works	7,001,847
Library	23,138
Public services and operations	59,261
Parks and recreation	1,292,232
Total Governmental Activities Depreciation Expense	$ 9,610,030

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 286,763	$ -	$ -	$ 286,763
Construction in progress	36,579,861	7,900,491	(27,540,322)	16,940,030
Total capital assets not being depreciated	36,866,624	7,900,491	(27,540,322)	17,226,793
Capital assets, being depreciated:				
Buildings and improvements	235,326	-	-	235,326
Machinery and equipment	1,516,999	624,739	-	2,141,738
Right-to-use assets	225,950	99,553	-	325,503
Infrastructure	127,821,692	41,972,087	27,540,322	197,334,101
Total capital assets being depreciated	129,799,967	42,696,379	27,540,322	200,036,668
Less accumulated depreciation				
Buildings and improvements	174,883	46,381	-	221,264
Machinery and equipment	1,377,595	92,691	-	1,470,286
Right-to-use assets	72,859	101,014	-	173,873
Infrastructure	26,545,283	6,829,112	-	33,374,395
Total accumulated depreciation	28,170,620	7,069,198	-	35,239,818
Net capital assets being depreciated	101,629,347	35,627,181	27,540,322	164,796,850
Total Capital Assets	$ 138,495,971	$ 43,527,672	$ -	$ 182,023,643

Depreciation was charged to business-type activities as follows:

Water & sewer	$ 5,754,497
Storm drainage	1,314,701
Total Business-Type Activities Depreciation Expense	$ 7,069,198

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 1,433,663	$ -	$ -	$ 1,433,663
Construction in progress	18,532	-	-	18,532
Total capital assets not being depreciated	1,452,195	-	-	1,452,195
Capital assets, being depreciated:				
Buildings and improvements	1,470,614	-	-	1,470,614
Machinery and equipment	25,553	-	-	25,553
Infrastructure	1,956,328	24,774	-	1,981,102
Total capital assets being depreciated	3,452,495	24,774	-	3,477,269
Less accumulated depreciation				
Buildings and improvements	29,434	6,532	-	35,966
Machinery and equipment	25,553	-	-	25,553
Infrastructure	75,036	160,185	-	235,221
Total accumulated depreciation	130,023	166,717	-	296,740
Net capital assets being depreciated	3,322,472	(141,943)	-	3,180,529
Total Capital Assets	$ 4,774,667	$ (141,943)	$ -	$ 4,632,724

Depreciation was charged to component unit activities as follows:

Economic development	$ 160,185
Community development	6,532
Total Component Unit Activities Depreciation Expense	$ 166,717

D. Other Long-term Liabilities

The following summarizes the changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and utility fund to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 966,691	$ 1,085,322	$ (650,082)	$ 1,401,931	$ 1,261,738
Total Governmental Activities	$ 966,691	$ 1,085,322	$ (650,082)	$ 1,401,931	$ 1,261,738
Other Long-term Liabilities Due in More than One Year				$ 140,193	
Business-Type Activities:					
Compensated Absences	$ 198,077	$ 139,981	$ (98,087)	$ 239,971	$ 215,974
Total Business-Type Activities	$ 198,077	$ 139,981	$ (98,087)	$ 239,971	$ 215,974
Other Long-term Liabilities Due in More than One Year				$ 23,997	

E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. The general fund, debt service fund and water/sewer funds have typically been used to liquidate the long-term debt obligations for the primary government. The general fund is typically used to liquidate the net pension and OPEB liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of Obligations	$ 35,695,000	$ -	$ (1,695,000)	$ 34,000,000	$ 1,755,000
General Obligation Bonds	2,024,919	-	(218,489)	1,806,430	226,291
Discount	(147,951)	-	147,951	-	-
Premium	3,501,244	-	(217,419)	3,283,825	-
Note payables	2,925,135	884,145	(485,630)	3,323,650	509,053
Tax notes	8,710,000	-	(1,540,000)	7,170,000	1,575,000
Other liabilities:					
Lease liabilities	557,240	278,206	(291,086)	544,360	211,707
Total Governmental Activities	$ 53,265,587	$ 1,162,351	$ (4,299,673)	$ 50,128,265	$ 4,277,051
Long-term liabilities due in more than one year				$ 45,851,214	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 6,030,081	$ -	$ (341,512)	$ 5,688,569	$ 352,708
Certificates of Obligations	19,420,000	-	(210,000)	19,210,000	220,000
Premium	1,351,761	-	(57,443)	1,294,318	-
Contractual obligations - GTUA	28,900,000	-	(670,000)	28,230,000	700,000
Other liabilities:					
Lease liabilities	151,410	83,689	(99,079)	136,020	89,905
Total Business-Type Activities	$ 55,853,252	$ 83,689	$ (1,378,034)	$ 54,558,907	$ 1,362,613
Long-term liabilities due in more than one year				$ 53,196,294	
Component Unit Activities					
Bonds, notes and other payables:					
Certificates of Obligation	$ 5,686,980	$ -	$ -	$ 5,686,980	$ 535,258
General Obligation Bonds	125,614	-	-	125,614	37,555
Tax notes	560,000	-	-	560,000	370,000
Total Component Unit Activities	$ 6,372,594	$ -	$ -	$ 6,372,594	$ 942,813
Long-term liabilities due in more than one year				$ 5,429,781	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the utility fund.

Long-term debt for governmental activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities:			
Certificates of Obligation			
2014 Certificates of obligation	2.50%	$ 1,285,000	$ 795,000
2015 Certificates of obligation	2.50%	3,245,000	2,100,000
2016 Certificates of obligation	2.00%	8,465,000	6,295,000
2020 Certificates of obligation	4.00-5.00%	17,365,000	15,285,000
2021 Certificates of obligation	4.00%	10,800,000	9,525,000
Total Certificates of Obligation		41,160,000	34,000,000
General Obligation Bonds			
2021 General obligation refunding bonds	2.00-4.00%	3,170,000	1,806,430
Tax Notes			
2019 Tax note	2.20%	7,790,000	2,095,000
2022 Tax note	1.90%	6,075,000	5,075,000
Total Tax Notes		13,865,000	7,170,000
Other Liabilities:			
Note payables	Various	4,229,109	3,323,650
Lease liabilities	5.00%	538,755	544,360
Total Governmental Activities		$ 62,962,864	$ 46,844,440

Long-term debt for business-type activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Business-type Activities:			
Certificates of Obligation			
2022 Certificates of Obligation	4.15-6.00%	$ 19,420,000	$ 19,210,000
General Obligation Bonds			
2015 General obligation refunding bonds	2.00-4.00%	6,100,000	5,180,000
2021 General obligation refunding bonds	2.00-4.00%	3,170,000	508,569
Total General Obligation Bonds		$ 9,270,000	$ 5,688,569
Contractual Obligations - Greater Texoma Utility Authority ("GTUA")			
2018 GTUA	2.35%	14,665,000	14,395,000
2019 GTUA	2.53%	2,255,000	1,670,000
2022 GTUA	3.0-5.0%	13,060,000	12,165,000
Total General Obligation Bonds		$ 29,980,000	$ 28,230,000
Other Liabilities:			
Lease liabilities	5.0%	192,224	136,020
Total Business-Type Activities		$ 58,862,224	$ 53,264,589
Total Primary Government		$ 119,251,587	$ 99,172,521

Under the terms of long-term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City's water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA Certificates of Obligation.

The City has contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the certificates of obligation, and pay any extraordinary expenses incurred by GTUA in connection with the debt. Under terms of the contracts, the City's obligation to make payments to GTUA, as well as GTUA's ownership interest in the facilities,

terminates when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

Long-term debt for component unit activities at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Component Unit Activities:			
Certificates of Obligation			
2016 Certificates of obligation	2.00%	$ 8,465,000	$ 801,980
2021 Certificates of obligation	4.00%	10,800,000	4,885,000
Total Certificates of Obligation		19,265,000	5,686,980
General Obligation Refunding Bonds			
2021 General obligation refunding bond	2.00-4.00%	3,170,000	125,614
Other Liabilities:			
Tax Notes	2.20%	7,790,000	560,000
Total Component Unit Activities		$ 41,700,000	$ 6,372,594

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Tax Notes		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 226,291	$ 56,651	$ 1,575,000	$ 126,000	$ 1,755,000	$ 1,118,994
2026	230,193	52,086	1,605,000	92,647	1,820,000	1,055,319
2027	230,193	45,180	1,315,000	63,317	1,885,000	993,856
2028	249,701	35,582	1,340,000	38,095	1,945,000	923,834
2029	191,177	26,765	1,335,000	12,683	2,060,000	844,142
2030-2034	678,875	54,934	-	-	11,710,000	2,989,070
2035-2039	-	-	-	-	10,225,000	1,167,874
2040-2043	-	-	-	-	2,600,000	53,397
Total	$ 1,806,430	$ 271,198	$ 7,170,000	$ 332,742	$ 34,000,000	$ 9,146,486

Lease Liabilities

Year ending	Governmental Activities	
September 30,	Principal	Interest
2025	$ 211,707	$ 21,662
2026	174,757	11,568
2027	87,835	4,712
2028	43,191	1,452
2029	26,870	88
	$ 544,360	$ 39,482

The City entered into a lease to finance vehicles/equipment. The property is classified as right-to-use asset with a total carrying value as of yearend for governmental activities of $560,202.

Notes Payable

Year ending	Governmental Activities	
September 30,	Principal	Interest
2025	$ 509,053	$ 91,360
2026	451,628	121,838
2027	351,758	101,596
2028	366,346	87,008
2029	468,478	73,874
2030-2034	1,176,387	124,904
	$ 3,323,650	$ 600,580

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending	GTUA Obligations	
September 30,	Principal	Interest
2025	$ 700,000	$ 810,483
2026	720,000	783,315
2027	755,000	755,051
2028	780,000	725,218
2029	810,000	694,105
2030-2034	4,790,000	3,027,877
2035-2039	5,450,000	2,356,877
2040-2044	6,205,000	1,544,504
2045-2049	6,160,000	742,962
2050-2054	1,860,000	112,800
Total	$ 28,230,000	$ 11,553,192

Year ending	General Obligation Bonds	
September 30,	Principal	Interest
2025	$ 352,708	$ 203,024
2026	364,807	192,139
2027	374,807	179,520
2028	390,299	165,793
2029	388,823	151,848
2030-2034	2,052,125	542,285
2035-2038	1,765,000	144,381
Total	$ 5,688,569	$ 1,578,990

Year ending	Certificates of Obligation	
September 30,	Principal	Interest
2025	$ 220,000	$ 884,325
2026	240,000	870,525
2027	250,000	855,825
2028	270,000	840,225
2029	370,000	821,025
2030-2034	2,005,000	3,780,975
2035-2039	2,540,000	3,204,875
2040-2044	2,995,000	2,527,003
2045-2049	4,655,000	1,786,929
2050-2052	5,665,000	367,944
Total	$ 19,210,000	$ 15,939,651

Lease Liabilities

Year ending September 30,	Business-Type Activities	
	Principal	Interest
2025	$ 89,905	$ 4,693
2026	33,133	1,262
2027	12,982	28
	$ 136,020	$ 5,983

The City entered into a lease to finance vehicles/equipment. The property is classified as right-to-use asset with a total carrying value as of yearend for business-type activities of $151,630.

The annual requirements to amortize component unit activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2025	$ 535,258	$ 274,342
2026	279,335	124,656
2027	285,767	119,102
2028	296,895	111,161
2029	304,410	98,947
2030-2034	1,685,160	343,395
2035-2039	1,655,155	148,175
2040-2041	645,000	13,561
Total	$ 5,686,980	$ 1,233,339

Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2025	$ 37,555	$ 6,876
2026	20,720	2,849
2027	20,720	958
2028	23,310	1,399
2029	23,309	466
Total	$ 125,614	$ 12,548

Year ending	Tax Notes	
September 30,	Principal	Interest
2025	$ 370,000	$ 16,500
2026	190,000	2,090
Total	$ 560,000	$ 18,590

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2015 and 2021 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $55,887 and $208,576 for business-type activities. Current year amortization expense for governmental activities totaled $5,589 and $13,696 for business-type activities.

G. Public Improvement Districts

Special Assessment Revenue bonds are issued by the City for the Public Improvement Districts (PID) and are secured solely from assessment revenues generated by each PID. The City is not obligated in any manner for this special assessment debt but merely acts as the developer's agent in handling the debt service by each PID and forwarding to the Trustee for payment to the bond holders. The Trustee for the bond proceeds were deposited into trust accounts with Regions Bank for the purpose of funding improvements in the projects. Regions Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee.

H. Interfund Transactions

Transfers between the primary government funds during the 2024 year were as follows:

	Transfers In:						
Transfers Out:	**General**	**Street Projects**	**Park Projects**	**Nonmajor Govt.**	**Water and Sewer**	**Internal Service**	**Total**
General	$ -	$ -	$ -	$ 176,675	$ 26,408	$ 1,000,000	$ 1,203,083
Debt service	-	-	-	-	78,713	-	78,713
TIRZ #1	2,907,608	-	-	-	-	-	2,907,608
Park projects	33,673	-	-	12,000	-	-	45,673
Nonmajor govt.	-	-	62,310	-	-	-	62,310
Water and sewer	-	180,013	-	-	-	1,000,000	1,180,013
Total	$ 2,941,281	$ 180,013	$ 62,310	$ 188,675	$ 105,121	$ 2,000,000	$ 5,477,400

Transfers from the utility fund were used to fund the operating budget of the general fund and do not relate to specific expenditures that are being reimbursed. Transfers from the general fund to the capital projects fund were made for construction projects.

The compositions of interfund balances as of year end were as follows:

	Due to: (Payable fund)		
Due from: (Receivable fund)	**General Fund**	**Nonmajor Governmental**	**Total**
Nonmajor governmental	$ 3,186	$ -	$ 3,186
Water and sewer	2,143,629	3,415	2,147,044
	$ 2,146,815	$ 3,415	$ 2,150,230

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

I. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use. The following is a list of restricted net position of the City:

	Governmental Activities	Business-Type Activities	EDC
Restricted for:			
Debt service	$ 4,104,077	$ -	$ -
TIRZ activities	57,186	-	-
Use of impact fees	9,304,291	10,075,011	-
Capital improvements	21,043,919	-	-
* Public safety	264,858	-	-
Vehicle replacement	2,000,000	-	-
Storm water use	-	1,450,643	-
Economic development	-	-	8,210,162
Municipal development	-	-	-
Total	$ 36,774,331	$ 11,525,654	$ 8,210,162

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.
Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Construction Commitments

The government has active construction projects as of September 30, 2024. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

Government Activities:

Project Description	Project Budget Appropriation	Expended to Date	Remaining Commitment
R30 2ND ST RECON	$ 3,557,194	3,344,184	$ 213,010
R35 SAN REMO RECON	466,000	466,000	-
R55 TEAKWOOD DR RECON	1,053,528	1,053,528	-
R45 MYRICK LANE	12,692,226	12,692,226	-
F03 FIRE STATION #2	6,175,038	6,132,290	42,747
P24 JJ BOOK WILSON PARK PH1	2,989,958	2,989,958	-
P32 CALDWELL PARK RR & SS	319,055	292,255	26,800
P36 PARKS & REC FACILITY	3,017,996	3,017,996	-
	$ 30,270,995	$ 29,988,438	$ 282,557

Business-Type Activities:

Project Description	Project Budget Appropriation	Expended to Date	Remaining Commitment
W38 EASTRIDGE BOOSTER STATION	$ 6,250,000	$ 1,389,850	$ 4,860,150
S38 SHEAMAR L WWTR INTERCEPTOR	17,167,420	16,145,327	1,022,093
S40 TICKEY CREEK P1 WWTR INTERCEPTOR	4,217,310	3,853,151	364,159
W19 DOGWOOD PUMP STATION	4,287,210	2,122,195	2,165,015
W40 US 380 UTILITY RELOCATION	3,634,678	-	3,634,678
	$ 35,556,618	$ 23,510,523	$ 12,046,095

D. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Princeton participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	Plan Year 2022	Plan Year 2023
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	67
Active employees	159
Total	249

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Princeton were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Princeton were 12.01% and 11.58% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $1,430,874, the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Real Return	12.0%	8.0%
Real Estate	12.0%	7.6%
Absolute Return	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 4,582,295	$ 1,574,982	$ (827,026)

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/22	$ 13,361,164	$ 11,827,158	$ 1,534,006
Changes for the year:			
Service Cost	1,910,117	-	1,910,117
Interest	957,354	-	957,354
Difference between expected and actual experience	643,743	-	643,743
Changes of assumptions	(67,054)	-	(67,054)
Contributions – employer	-	1,278,107	(1,278,107)
Contributions – employee	-	758,843	(758,843)
Net investment income	-	1,375,003	(1,375,003)
Benefit payments, including refunds of emp. contributions	(266,414)	(266,414)	-
Administrative expense	-	(8,708)	8,708
Other changes	-	(61)	61
Net changes	3,177,746	3,136,770	40,976
Balance at 12/31/23	$ 16,538,910	$ 14,963,928	$ 1,574,982

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $1,437,435.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ 445,070	$ -
Changes in actuarial assumptions		(50,967)
Investment earnings	252,853	-
Contributions subsequent to the measurement date	1,093,196	-
Total	$ 1,791,119	$ (50,967)

The City reported $1,093,196 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ 199,243
2026	160,413
2027	254,241
2028	(49,892)
2025	82,951
Thereafter	-
Total	$ 646,956

Other Postemployment Benefits

1. Plan Description

The City also participates in a single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

2. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2024, 2023 and 2022 were $5,081, $3,813 and $2,301, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.03%	0.03%	100.0%
2023	0.04%	0.04%	100.0%
2024	0.03%	0.03%	100.0%

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	10
Active employees	159
Total	185

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease (2.77%)	Current Single Rate Assumption 3.77%	1% Increase (4.77%)
$ 191,364	$ 156,593	$ 130,059

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	$ 128,442
Changes for the year:	
Service Cost	20,597
Interest	5,531
Difference between expected and actual experience	(953)
Changes of assumptions	7,312
Benefit payments	(4,336)
Net changes	28,151
Balance at 12/31/23	$ 156,593

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of $20,393.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in actuarial assumption changes	$ -	(29,177)
Difference between expected and actual experience	-	(13,590)
Contributions subsequent to measurement date	19,825	-
Total	$ 19,825	$ (42,767)

The City reported $19,825 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended December 31:	
2024	$ (6,168)
2025	(5,902)
2026	(6,362)
2027	(8,338)
2028	(9,875)
Thereafter	(6,122)
	$ (42,767)

E. Health Care Coverage

During the year ended September 30, 2024, employees of the City were covered by a health, dental, and vision insurance plans. The City contributed $688 per month per employee for employee coverage and $0 for dependent's health insurance. The City contributed $3.42 per month per employee (100% of the cost per employee) for dental insurance and $6 per month per employee for vision. Employees, at their option, authorized payroll withholdings for dependent coverage. Health and dental insurance is provided by TML MultiState Intergovernmental Employee Benefit Pool and vision insurance is with Avesis.

F. Additional Water and Sewer Information

The City secures its water supply from the North Texas Municipal Water District ("NTMWD"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"), the City being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee, or rental due to the District. Due to these factors, the District is not included in the City's basic financial statements.

The City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return, the City agreed to pay the District at a rate of $3.39 per 1,000 gallon basis, subject to minimum annual payments. The City's cost for the current fiscal year was $5,279,738.

G. Tax Abatement Disclosures

The City enters into economic development agreements designed to promote development within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property base and economic vitality of the City. These programs may abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and the Revenue Sharing Agreement as covered under Texas Tax Code § 321.3022(b), which allows a municipality to request that the State Comptroller provide information related to the amount of sales and use tax paid during the preceding or current calendar year. The City has entered into two incentive agreement and allowed $180,696 in tax abatements during the year ended September 30, 2024.

H. Restatement

During the year ended September 30, 2024, the City identified and corrected errors related to the prior year’s financial statements, resulting in restatements to the general fund and governmental activities.

In the prior year, certain capital outlay expenditures were recorded for assets that had not yet been received. As a result, capital outlay expenditures were overstated in the general fund, and capital assets were overstated in governmental activities. This correction reduces both previously reported expenditures and capital assets.

Additionally, a lease agreement was executed in the prior year, but the associated funds had not yet been received by the City. At the fund level, this resulted in the omission of lease proceeds and the related escrow balance, while at the government-wide level, the corresponding lease liability was not recorded. The restatement corrects these omissions by properly recognizing the lease proceeds and escrow balance within the General Fund and recording the lease liability in governmental activities.

The effects of these corrections are reflected as adjustments to the beginning fund balance of the general fund and the beginning net position of governmental activities. A summary of the restatements is presented below:

	Governmental Activities	General
Prior year ending net position/ fund balance, as reported	$ 136,522,349	6,520,395
To correct for capital outlay	818,771	818,771
To correct capital assets	(818,771)	-
To correct lease proceeds	1,689,356	1,689,356
To correct lease liabilities	(1,689,356)	-
Restated beginning net position/fund balance	$ 136,522,349	$ 9,028,522

I. Subsequent Events

In November 2024 the City entered into a note payable agreement in the amount of $825,312 for the purchase of three police vehicles. The note has an interest rate of 4.97% and a final maturity date of November 2027.

There were no other material subsequent events through April 3, 2025, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues					
Property tax	$ 8,223,430	$ 8,911,617	$ 8,538,993	$ (372,624)	
Sales tax	3,387,500	3,606,500	4,037,443	430,943	
Franchise and local taxes	638,515	698,000	877,872	179,872	
License and permits	2,858,200	3,636,797	3,692,494	55,697	
Charges for services	5,188,792	4,754,534	5,072,199	317,665	
Intergovernmental	551,378	1,188,378	931,007	(257,371)	
Fines and forfeitures	306,220	364,340	332,785	(31,555)	
Interest income	200,000	800,001	994,069	194,068	
Other revenue	356,771	808,065	1,232,530	424,465	
Total Revenues	21,710,806	24,768,232	25,709,392	941,160	
Expenditures					
Current:					
General government	2,692,694	4,230,922	4,137,591	93,331	
Public services and operations	3,273,996	3,391,404	3,513,468	(122,064)	
Public works	3,312,094	3,442,035	3,246,698	195,337	
Public safety	11,041,942	12,816,440	12,131,590	684,850	
Library	370,667	435,494	381,934	53,560	
Parks and recreation	245,185	282,325	240,921	41,404	
Debt Service:					
Principal	799,141	838,219	776,716	61,503	
Interest and fiscal charges	119,588	125,453	161,498	(36,045)	
Capital outlay	245,362	385,440	2,710,185	(2,324,745)	
Total Expenditures	22,100,669	25,947,732	27,300,601	(1,352,869)	*
Revenues Over (Under) Expenditures	(389,863)	(1,179,500)	(1,591,209)	(411,709)	
Other Financing Sources (Uses)					
Transfers in	-	2,850,109	2,941,281	91,172	
Transfers (out)	-	(1,000,000)	(1,203,083)	(203,083)	*
Lease issuance	367,362	152,861	278,206	125,345	
Note issuance	-	-	884,145	884,145	
Total Other Financing Sources (Uses)	367,362	2,002,970	2,900,549	897,579	
Net Change in Fund Balance	$ (22,501)	$ 823,470	1,309,340	$ 485,870	
Beginning fund balance, as adjusted			9,028,522		
Ending Fund Balance			$ 10,337,862		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Total expenditures (including transfers out) exceeded appropriations at the legal level of control.

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX INCREMENT REINVESTMENT ZONES

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Property tax	$ 61,068	$ 32,370	$ (28,698)	
Investment income	-	13,442	13,442	
Total Revenues	61,068	45,812	(15,256)	
Other Financing Sources (Uses)				
Transfers (out)	-	(2,907,608)	(2,907,608)	
Total Other Financing Sources (Uses)	-	(2,907,608)	(2,907,608)	*
Net Change in Fund Balances	$ 61,068	(2,861,796)	$ (2,922,864)	
Beginning fund balances		2,918,982		
Ending Fund Balances		$ 57,186		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Princeton, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total pension liability					
Service cost	$ 1,910,117	$ 1,478,135	$ 1,142,763	$ 1,061,392	$ 877,804
Interest	957,354	822,375	711,122	599,821	493,867
Differences between expected and actual experience	643,743	(226,946)	(65,772)	196,597	293,353
Changes of assumptions	(67,054)	-	-	-	37,494
Benefit payments, including refunds of participant contributions	(266,414)	(313,332)	(301,911)	(197,248)	(252,000)
Net change in total pension liability	3,177,746	1,760,232	1,486,202	1,660,562	1,450,518
Total pension liability - beginning	$ 13,361,164	$ 11,600,932	$ 10,114,730	$ 8,454,168	$ 7,003,650
Total pension liability - ending (a)	$ 16,538,910	$ 13,361,164	$ 11,600,932	$ 10,114,730	$ 8,454,168
Plan fiduciary net position					
Contributions - employer	$ 1,278,107	$ 992,965	$ 740,427	$ 656,876	$ 552,995
Contributions - members	758,843	586,562	454,250	427,734	360,177
Net investment income	1,375,003	(833,553)	1,212,612	593,791	958,656
Benefit payments, including refunds of participant contributions	(266,414)	(313,332)	(301,911)	(197,248)	(252,000)
Administrative expenses	(8,708)	(7,197)	(5,606)	(3,839)	(5,418)
Other	(61)	8,587	38	(150)	(160)
Net change in plan fiduciary net position	3,136,770	434,032	2,099,810	1,477,164	1,614,250
Plan fiduciary net position - beginning	11,827,158	11,393,126	9,293,316	7,816,152	6,201,902
Plan fiduciary net position - ending (b)	$ 14,963,928	$ 11,827,158	$ 11,393,126	$ 9,293,316	$ 7,816,152
Fund's net pension liability - ending (a) - (b)	$ 1,574,982	$ 1,534,006	$ 207,806	$ 821,414	$ 638,016
Plan fiduciary net position as a percentage of the total pension liability	90.48%	88.52%	98.21%	91.88%	92.45%
Covered payroll	$ 10,840,616	$ 8,379,453	$ 6,489,282	$ 6,110,492	$ 5,145,390
Fund's net position as a percentage of covered payroll	14.53%	18.31%	3.20%	13.44%	12.40%

Notes to schedule:

The informaiton in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability.

12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
$ 729,872	$ 588,068	$ 422,523	$ 339,669	$ 270,343
422,272	365,981	318,863	302,819	281,321
74,525	43,938	94,966	(104,990)	(89,706)
-	-	-	4,858	-
(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
998,732	756,034	636,148	370,813	254,492
$ 6,004,918	$ 5,248,884	$ 4,612,736	$ 4,241,923	$ 3,987,431
$ 7,003,650	$ 6,004,918	$ 5,248,884	$ 4,612,736	$ 4,241,923
$ 462,168	$ 368,823	$ 264,028	$ 228,154	$ 166,531
299,830	242,288	173,775	142,462	127,401
(174,886)	666,064	289,272	6,036	216,789
(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
(3,385)	(3,458)	(3,275)	(3,676)	(2,263)
(177)	(175)	(176)	(182)	(186)
355,613	1,031,589	523,420	201,251	300,806
5,846,289	4,814,700	4,291,280	4,090,029	3,789,223
$ 6,201,902	$ 5,846,289	$ 4,814,700	$ 4,291,280	$ 4,090,029
$ 801,748	$ 158,629	$ 434,184	$ 321,456	$ 151,894
88.55%	97.36%	91.73%	93.03%	96.42%
$ 4,283,289	$ 4,899,250	$ 2,482,506	$ 2,035,165	$ 1,820,011
18.72%	3.24%	17.49%	15.80%	8.35%

City of Princeton, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	$ 1,430,874	$ 1,202,895	$ 959,989	$ 708,530
Contributions in relation to the actuarially determined contribution	$ 1,430,874	$ 1,202,895	$ 961,251	$ 697,566
Contribution deficiency (excess)	$ -	$ -	$ (1,262)	$ 10,964
Annual covered payroll	$ 12,701,640	$ 10,189,285	$ 8,101,171	$ 6,209,727
Employer contributions as a percentage of covered payroll	11.27%	11.81%	11.87%	11.23%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most

Other Information:

Notes	There were no benefit changes during the year. The information in this schedule has been determined as of the City's most recent fiscal year-end.

9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
$ 622,562	$ 526,669	$ 441,941	$ 348,806	$ 268,209	$ 245,654
$ 629,357	$ 527,057	$ 441,024	$ 348,680	$ 253,725	$ 253,243
$ (6,795)	$ (388)	$ 917	$ 126	$ 14,484	$ (7,589)
$ 5,791,275	$ 4,899,250	$ 4,095,842	$ 3,272,097	$ 2,527,893	$ 2,168,175
10.87%	10.76%	10.77%	10.66%	10.04%	11.68%

City of Princeton, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended September 30,

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 20,597	$ 29,328	$ 22,712	$ 18,331
Interest	5,531	3,528	3,354	3,377
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(953)	(5,609)	(8,947)	(1)
Changes of assumptions	7,312	(74,612)	5,818	22,310
Benefit payments, including refunds of participant contributions	(4,336)	(2,514)	(1,947)	(611)
Net change in total OPEB liability	28,151	(49,879)	20,990	43,406
Total OPEB liability - beginning	$ 128,442	$ 178,321	$ 157,331	$ 113,925
Total OPEB liability - ending	$ 156,593	$ 128,442	$ 178,321	$ 157,331
Covered-employee payroll	$ 10,840,616	$ 8,379,453	$ 6,489,282	$ 6,110,492
Total OPEB liability as a percentage of covered-employee payroll	1.44%	1.53%	2.75%	2.57%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

2020	2019	2018 [1]
$ 11,320	$ 10,280	$ 7,269
3,340	2,987	2,731
-	-	-
(5,458)	(6,732)	-
20,621	(6,592)	7,271
(515)	(857)	(692)
29,308	(914)	16,579
$ 84,617	$ 85,531	$ 68,952
$ 113,925	$ 84,617	$ 85,531 [2]
$ 5,145,390	$ 4,283,289	$ 3,461,260
2.21%	1.98%	2.47%

PRINCETON

TEXAS

City of Princeton, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2024

	Court	Police	Building Projects	American Rescue Plan	Business Incentives	Total Nonmajor Governmental
Assets						
Cash and cash equivalents	$ 181,151	$ 90,165	$ 2,719,649	$ 3,688,567	$ -	$ 6,679,532
Receivables, net	5,547	-	-	-	-	5,547
Due from other funds	-	-	-	-	3,186	3,186
Total Assets	$ 186,698	$ 90,165	$ 2,719,649	$ 3,688,567	$ 3,186	$ 6,688,265
Liabilities						
Accounts payable and accrued liabilities	$ -	$ 12,005	$ 302,534	$ -	$ 3,792	$ 318,331
Due to other funds	-	-	-	-	3,415	3,415
Total Liabilities	-	12,005	302,534	-	7,207	321,746
Fund Balances						
Restricted for:						
Capital improvements	-	-	2,417,115	3,688,567	-	6,105,682
Public safety	186,698	78,160	-	-	-	264,858
Unassigned	-	-	-	-	(4,021)	(4,021)
Total Fund Balances	186,698	78,160	2,417,115	3,688,567	(4,021)	6,366,519
Total Liabilities, Deferred Inflows and Fund Balances	$ 186,698	$ 90,165	$ 2,719,649	$ 3,688,567	$ 3,186	$ 6,688,265

City of Princeton, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Court	Police	Building Projects	American Rescue Plan	Business Incentives	Total Nonmajor Governmental
Revenues						
Fines and forfeitures	$ 45,911	$ 61,493	$ -	$ -	$ -	$ 107,404
Investment income	-	-	135,788	190,130	-	325,918
Other revenue	-	4,880	-	-	-	4,880
Total Revenues	45,911	66,373	135,788	190,130	-	438,202
Expenditures						
General government	-	-	-	-	180,696	180,696
Public safety	37,375	-	-	-	-	37,375
Capital outlay	-	-	1,831,197	62,918	-	1,894,115
Total Expenditures	37,375	-	1,831,197	62,918	180,696	2,112,186
Revenues Over (Under) Expenditures	8,536	66,373	(1,695,409)	127,212	(180,696)	(1,673,984)
Other Financing Sources (Uses)						
Transfers in	-	-	12,000	-	176,675	188,675
Transfers (out)	-	-	(62,310)	-	-	(62,310)
Total Other Financing Sources (Uses)	-	-	(50,310)	-	176,675	126,365
Net Change in Fund Balances	8,536	66,373	(1,745,719)	127,212	(4,021)	(1,547,619)
Beginning fund balances	178,162	11,787	4,162,834	3,561,355	-	7,914,138
Ending Fund Balances	$ 186,698	$ 78,160	$ 2,417,115	$ 3,688,567	$ (4,021)	$ 6,366,519

OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

City of Princeton, Texas

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS

September 30, 2024

	Arcadia Farms	Brookside	Crossroads	Eastridge	Sicily	Southridge	Whitewing Trails #2	Winchester PID 1	Winchester PID 2	Winchester PID 3	Total Fiduciary Funds
Assets											
Cash and cash equivalents	$ 1,621,957	$ 769,901	$ 1,392,269	$ 21,189,824	$ 20,542,667	$ 933,302	$ 3,059,252	$ 950,423	$ 1,278,622	$ 10,661,779	$ 62,399,996
Special assessment receivable	12,493,000	6,301,000	7,710,043	40,216,001	32,233,000	7,774,000	28,741,000	9,180,000	13,084,000	11,547,000	169,279,044
Total Assets	$ 14,114,957	$ 7,070,901	$ 9,102,312	$ 61,405,825	$ 52,775,667	$ 8,707,302	$ 31,800,252	$ 10,130,423	$ 14,362,622	$ 22,208,779	$ 231,679,040
Liabilities											
Long-term debt	$ 12,493,000	6,301,000	7,710,043	40,216,001	32,233,000	7,774,000	28,741,000	9,180,000	13,084,000	11,547,000	$ 169,279,044
Total Liabilities	12,493,000	6,301,000	7,710,043	40,216,001	32,233,000	7,774,000	28,741,000	9,180,000	13,084,000	11,547,000	169,279,044
Net Position											
Restricted for PID	1,621,957	769,901	1,392,269	21,189,824	20,542,667	933,302	3,059,252	950,423	1,278,622	10,661,779	62,399,996
Total Net Position	$ 1,621,957	$ 769,901	$ 1,392,269	$ 21,189,824	$ 20,542,667	$ 933,302	$ 3,059,252	$ 950,423	$ 1,278,622	$ 10,661,779	$ 62,399,996

City of Princeton, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2024

	Arcadia Farms	Brookside	Crossroads	Eastridge	Sicily	Southridge	Whitewing Trails #2	Winchester PID 1	Winchester PID 2	Winchester PID 3	Total Fiduciary Funds
Additions											
Property assessments	$ 1,010,845	$ 522,466	$ 705,037	$ 1,834,217	$ 2,193,097	$ 684,115	$ 2,229,639	$ 687,851	$ 989,140	$ -	$ 10,856,407
Bond proceeds	-	-	-	16,751,475	-	7,672,740	-	-	-	11,178,202	35,602,417
Investment earnings	91,176	47,655	106,806	474,574	1,327,029	205,912	211,278	59,339	99,295	-	2,623,064
Total Additions	1,102,021	570,121	811,843	19,060,266	3,520,126	8,562,767	2,440,917	747,190	1,088,435	11,178,202	49,081,888
Deductions											
Payment to developer	-	-	648,855	7,849,096	10,129,186	6,560,000	992,626	-	-	-	26,179,763
Administrative expenses	80,663	47,563	25,557	43,796	51,637	13,000	68,450	77,568	31,038	7,500	446,772
Bond issuance costs	-	-	-	711,769	-	462,120	-	-	-	508,923	1,682,812
Debt service - interest	550,573	274,098	509,600	1,226,707	2,169,845	414,345	1,495,866	340,301	676,981	-	7,658,316
Total Deductions	631,236	321,661	1,184,012	9,831,368	12,350,668	7,449,465	2,556,942	417,869	708,019	516,423	35,967,663
Revenues Over (Under) Expenditures	470,785	248,460	(372,169)	9,228,898	(8,830,542)	1,113,302	(116,025)	329,321	380,416	10,661,779	13,114,225
Change in Net Position	470,785	248,460	(372,169)	9,228,898	(8,830,542)	1,113,302	(116,025)	329,321	380,416	10,661,779	13,114,225
Beginning fund balances	1,151,172	521,441	1,764,438	11,960,926	29,373,209	(180,000)	3,175,277	621,102	898,206	-	49,285,771
Ending Net Position	$ 1,621,957	$ 769,901	$ 1,392,269	$ 21,189,824	$ 20,542,667	$ 933,302	$ 3,059,252	$ 950,423	$ 1,278,622	$ 10,661,779	$ 62,399,996

PRINCETON

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City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 5,194,707	$ 5,895,263	$ 700,556
Intergovernmental	621,141	-	(621,141)
Interest income	100,000	240,237	140,237
Total Revenues	5,915,848	6,135,500	219,652
Expenditures			
General government	4,300	5,991	(1,691)
Debt service:			
Principal	3,865,000	3,453,489	411,511
Interest	2,605,683	1,403,960	1,201,723
Total Expenditures	6,474,983	4,863,440	1,611,543
Revenues Over (Under) Expenditures	(559,135)	1,272,060	(1,391,891)
Other Financing Sources (Uses)			
Transfers (out)	-	(78,713)	(78,713)
Total Other Financing Sources (Uses)	-	(78,713)	(78,713)
Net Change in Fund Balance	$ (559,135)	1,193,347	$ 1,752,482
Beginning fund balance		2,910,730	
Ending Fund Balance		$ 4,104,077	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT FUND

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 28,800	$ 28,800	$ 45,911	$ 17,111
Total Revenues	28,800	28,800	45,911	17,111
Expenditures				
Public safety	4,000	44,000	37,375	6,625
Total Expenditures	4,000	44,000	37,375	6,625
Net Change in Fund Balance	$ 24,800	$ (15,200)	8,536	$ 23,736
Beginning fund balance			178,162	
Ending Fund Balance			$ 186,698	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLICE FUND

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 4,000	$ 61,493	$ 57,493
Other revenue	1,500	4,880	3,380
Total Revenues	5,500	66,373	60,873
Expenditures			
Public safety	5,500	-	5,500
Total Expenditures	5,500	-	5,500
Net Change in Fund Balance	$ -	66,373	$ 66,373
Beginning fund balance		11,787	
Ending Fund Balance		$ 78,160	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AMERICAN RESCUE FUND

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ 75,000	$ 75,000	$ 190,130	$ 115,130
Total Revenues	75,000	75,000	190,130	115,130
Expenditures				
Capital outlay	1,750,000	1,775,963	62,918	1,713,045
Total Expenditures	1,750,000	1,775,963	62,918	1,713,045
Net Change in Fund Balance	$ (1,675,000)	$ (1,700,963)	127,212	$ 1,828,175
Beginning fund balance			3,561,355	
Ending Fund Balance			$ 3,688,567	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET PROJECTS FUND

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Impact fees	$ 3,000,000	$ 6,270,942	$ 3,270,942
Investment income	150,000	677,522	527,522
Total Revenues	3,150,000	6,948,464	3,798,464
Expenditures			
Miscellaneous	100,000	-	100,000
Capital outlay	3,000,000	3,028,475	(28,475)
Total Expenditures	3,100,000	3,028,475	71,525
Revenues Over (Under) Expenditures	50,000	3,919,989	3,869,989
Other Financing Sources (Uses)			
Transfers in	-	180,013	180,013
Net Change in Fund Balance	$ 50,000	4,100,002	$ 4,050,002
Beginning fund balance		12,019,299	
Ending Fund Balance		$ 16,119,301	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

PRINCETON ECONOMIC DEVELOPMENT CORPORATION

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Sales tax	$ 1,690,500	$ 2,014,575	$ 324,075
Investment income	115,000	302,260	187,260
Other income	-	26,843	26,843
Total Revenues	1,805,500	2,343,678	538,178
Expenses			
Economic development	494,794	457,621	37,173
Total Expenses	494,794	457,621	37,173
Change in Net Position	$ 1,310,706	1,886,057	$ 575,351
Beginning net position		9,503,650	
Ending Net Position		$ 11,389,707	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Princeton, Texas

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

PRINCETON COMMUNITY DEVELOPMENT CORPORATION

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Sales tax	$ 1,690,500	$ 2,014,575	$ 324,075
Investment income	60,000	135,151	75,151
Total Revenues	1,750,500	2,149,726	399,226
Expenses			
Economic development	1,422,385	502,826	919,559
Total Expenses	1,422,385	502,826	919,559
Change in Net Position	$ 328,115	1,646,900	$ 1,318,785
Beginning net position		(1,621,254)	
Ending Net Position		$ 25,646	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PRINCETON

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 112

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 124

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 130

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 138

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 142

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Princeton, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities										
Net investment in capital assets	$116,284,469	$ 91,909,419	$ 70,723,356	$ 48,846,320	$ 43,200,083	$ 12,622,746	$ 22,926,273	$ 16,457,417	$ 8,075,220	$ 7,305,692
Restricted	36,774,331	28,061,829	17,200,800	14,912,387	39,388,505	13,237,763	7,211,360	2,539,370	4,140,512	3,152,746
Unrestricted	19,748,998	16,551,101	24,797,844	16,879,326	(16,835,067)	16,417,920	2,666,324	2,075,253	1,710,252	1,357,720
Total governmental activities net position	$172,807,798	$136,522,349	$112,722,000	$ 80,638,033	$ 65,753,521	$ 42,278,429	$ 32,803,957	$ 21,072,040	$ 13,925,984	$ 11,816,158
Business-type activities										
Net investment in capital assets	$129,709,202	$ 83,383,917	$ 66,619,856	$ 47,192,152	$ 38,369,840	$ 24,609,087	$ 20,496,075	$ 11,785,446	$ 6,631,526	$ 5,104,136
Restricted	11,525,654	13,955,894	10,284,268	10,032,440	7,215,702	5,523,425	3,465,755	3,153,343	1,851,788	994,498
Unrestricted	39,954,482	27,141,805	17,834,770	10,428,790	6,906,498	5,410,600	4,435,377	2,695,126	2,278,245	2,197,241
Total business-type activities net position	$181,189,338	$124,481,616	$ 94,738,894	$ 67,653,382	$ 52,492,040	$ 35,543,112	$ 28,397,207	$ 17,633,915	$ 10,761,559	$ 8,295,875
Primary government										
Net investment in capital assets	$245,993,671	$175,293,336	$137,343,212	$ 96,038,472	$ 81,569,923	$ 37,231,833	$ 43,422,348	$ 28,242,863	$ 14,706,746	$ 12,409,828
Restricted	48,299,985	42,017,723	27,485,068	24,944,827	46,604,207	18,761,188	10,677,115	5,692,713	5,992,300	4,147,244
Unrestricted	59,703,480	43,692,906	42,632,614	27,308,116	(9,928,569)	21,828,520	7,101,701	4,770,379	3,988,497	3,554,961
Total primary government net position	$353,997,136	$261,003,965	$207,460,894	$148,291,415	$118,245,561	$ 77,821,541	$ 61,201,164	$ 38,705,955	$ 24,687,543	$ 20,112,033

Source: City audited financial records

City of Princeton, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
General government	$ 4,938,898	$ 3,668,100	$ 2,852,012	$ 1,821,210	$ 1,236,657	$ 2,332,105	$ 1,009,624	$ 861,576	$ 789,760	$ 666,193
Public safety	12,133,301	9,582,884	7,016,634	6,136,367	5,341,659	4,559,343	4,014,770	3,050,330	1,562,609	1,335,532
Public services and operations	3,577,431	2,549,290	2,132,971	1,677,660	1,326,917	1,217,468	1,353,362	886,973	893,941	697,081
Parks and recreation	1,098,652	1,141,138	1,378,074	1,281,216	1,056,310	1,000,471	706,987	527,723	552,517	493,077
Library	405,790	357,341	263,117	267,697	229,122	251,596	169,895	151,936	129,687	102,133
Public works	12,327,808	8,860,581	5,426,108	5,735,515	3,335,833	2,672,048	1,743,261	1,642,760	1,381,286	1,232,485
Interest on long-term debt	1,487,352	1,380,047	1,433,349	1,351,592	782,724	538,930	623,667	544,788	390,417	311,418
Total governmental activities expenses	35,969,232	27,539,381	20,502,265	18,271,257	13,309,222	12,571,961	9,621,566	7,666,086	5,700,217	4,837,919
Business-type activities:										
Water and sewer	25,573,304	22,172,549	17,555,001	13,070,655	9,857,833	9,011,378	7,343,569	6,183,258	6,062,226	4,676,918
Storm water drainage	1,655,052	1,774,521	1,424,626	1,237,933	525,693	413,028	513,498	232,136	-	-
Total business-type activities expenses	27,228,356	23,947,070	18,979,627	14,308,588	10,383,526	9,424,406	7,857,067	6,415,394	6,062,226	4,676,918
Total primary government expenses	$ 63,197,588	$ 51,486,451	$ 39,481,892	$ 32,579,845	$ 23,692,748	$ 21,996,367	$ 17,478,633	$ 14,081,480	$ 11,762,443	$ 9,514,837
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 789,169	$ 743,987	$ 709,523	$ 610,304	$ 598,040	$ 576,821	$ 265,191	$ 265,178	$ 115,000	$ 115,000
Public safety	504,837	344,675	75,886	140,950	72,345	39,734	36,740	25,690	348,441	294,989
Public services and operations	6,863,624	6,655,574	6,404,024	5,224,478	4,151,327	2,626,781	2,842,392	2,324,727	130,204	-
Parks and recreation	380,244	342,208	1,402,869	1,996,581	1,339,530	1,744,437	566,573	146,968	-	45,086
Library	6,299	5,355	5,964	2,378	3,211	7,186	7,379	6,913	-	-
Public works	650,000	650,000	2,477,078	3,317,416	3,249,487	1,797,946	1,989,613	1,430,930	1,292,208	763,325
Operating grants and contributions	931,007	828,125	2,269,245	1,170,004	1,137,172	495,349	478,064	422,920	8,129	20,258
Capital grants and contributions	37,533,955	20,610,447	25,820,010	9,315,702	16,061,420	6,177,007	9,084,326	5,385,169	1,908,221	2,112,676
Total governmental activities program revenues	47,659,135	30,180,371	39,164,599	21,777,813	26,612,532	13,465,261	15,270,278	10,008,495	3,802,203	3,351,334
Business-type activities:										
Charges for services:										
Water and sewer	$ 39,894,812	$ 29,693,034	$ 23,947,867	$ 17,789,699	$ 14,357,412	$ 11,629,555	$ 12,320,362	$ 9,563,489	$ 6,754,857	$ 5,214,972
Storm water drainage	956,672	823,645	751,098	614,839	527,314	408,288	359,638	319,409	-	-
Grants and contributions	41,944,631	21,214,056	19,890,661	10,624,759	12,532,508	4,558,840	5,517,586	4,449,124	1,439,081	118,855
Total business-type activities program revenues	82,796,115	51,730,735	44,589,626	29,029,297	27,417,234	16,596,683	18,197,586	14,332,022	8,193,938	5,333,827
Total primary government program revenues	$ 130,455,250	$ 81,911,106	$ 83,754,225	$ 50,807,110	$ 54,029,766	$ 30,061,944	$ 33,467,864	$ 24,340,517	$ 11,996,141	$ 8,685,161

City of Princeton, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net (Expenses) Revenue										
Governmental activities	$ 11,689,903	$ 2,640,990	$ 18,662,334	$ 3,506,556	$ 13,303,310	$ 893,300	$ 5,648,712	$ 2,342,409	$ (1,898,014)	$ (1,486,585)
Business-type activities	55,567,759	27,783,665	25,609,999	14,720,709	17,033,708	7,172,277	10,340,519	7,916,628	2,131,712	656,909
Total primary government net expense	$ 67,257,662	$ 30,424,655	$ 44,272,333	$ 18,227,265	$ 30,337,018	$ 8,065,577	$ 15,989,231	$ 10,259,037	$ 233,698	$ (829,676)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	14,521,870	13,084,667	$ 10,014,435	$ 8,789,551	$ 7,472,581	$ 6,053,199	$ 4,581,813	$ 3,539,491	$ 2,859,709	$ 2,483,190
Sales taxes	4,037,443	3,352,451	2,817,389	2,473,784	1,928,514	1,540,373	1,327,813	1,267,448	918,489	626,981
Franchise taxes	869,579	754,629	590,858	434,131	417,291	401,613	338,887	262,549	190,838	198,430
Beverage taxes	8,293	7,295	4,133	3,749	2,613	4,466	5,698	2,984	-	-
Investment earnings	2,846,059	2,012,953	336,203	27,098	128,794	248,494	112,237	76,593	15,937	3,938
Miscellaneous	1,237,410	1,323,879	23,917	14,713	68,405	23,171	28,387	5,270	55,358	59,820
Transfers	1,074,892	(130,480)	(226,906)	(365,070)	187,106	254,021	(317,115)	(33,491)	(32,491)	(132,418)
Total governmental activities	24,595,546	20,405,394	13,560,029	11,377,956	10,205,304	8,525,337	6,077,720	5,120,844	4,007,840	3,239,941
Business-type activities:										
Investment earnings	2,120,622	1,750,485	180,342	8,630	103,372	165,375	80,657	24,525	10,929	6,005
Miscellaneous	94,233	13,285	57,927	66,933	1,312	62,274	41,261	32,888	10,463	3,148
Transfers	(1,074,892)	130,480	226,906	365,070	(187,106)	(254,021)	317,115	33,491	32,491	132,418
Total business-type activities	1,139,963	1,894,250	465,175	440,633	(82,422)	(26,372)	439,033	90,904	53,883	141,571
Total primary government	$ 25,735,509	$ 22,299,644	$ 14,025,204	$ 11,818,589	$ 10,122,882	$ 8,498,965	$ 6,516,753	$ 5,211,748	$ 4,061,723	$ 3,381,512
Change in Net Position										
Governmental activities	$ 36,285,449	$ 23,046,384	$ 32,222,363	$ 14,884,512	$ 23,508,614	$ 9,418,637	$ 11,726,432	$ 7,463,253	$ 2,109,826	$ 1,753,356
Business-type activities	56,707,722	29,677,915	26,075,174	15,161,342	16,951,286	7,145,905	10,779,552	8,007,532	2,185,595	798,480
Total primary government	$ 92,993,171	$ 52,724,299	$ 58,297,537	$ 30,045,854	$ 40,459,900	$ 16,564,542	$ 22,505,984	$ 15,470,785	$ 4,295,421	$ 2,551,836

Source: City audited financial records

City of Princeton, Texas

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2015	$ 2,483,190	$ 626,981	$ 313,430	$ 2,614	$ 3,426,215
2016	2,859,709	918,489	305,838	2,796	4,086,832
2017	3,539,491	1,267,448	262,549	2,984	5,072,472
2018	4,581,813	1,327,813	338,887	5,698	6,254,211
2019	6,053,199	1,540,373	401,613	4,466	7,999,651
2020	7,472,581	1,928,514	417,291	2,613	9,820,999
2021	8,789,551	2,473,784	434,131	3,749	11,701,215
2022	10,014,435	2,817,389	602,533	4,133	13,438,490
2023	13,084,667	3,352,451	754,629	7,295	17,199,042
2024	14,521,870	4,037,443	869,579	8,293	19,437,185

City of Princeton, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	$ 184,916	$ 101,894	$ 174,453	$ 168,718	$ 162,215	$ 49,137	$ 33,249	$ -	$ -	$ -
Committed	-	-	96,347	63,682	63,682	59,906	24,500	331,196	68,584	66,009
Assigned	-	-	27,544	-	-	-	31,023	66,998	2,362	2,362
Restricted for:										
General government	-	-	-	1,721,377	659,226	-	-	-	-	-
Court	-	-	-	147,555	140,802	127,968	103,720	80,953	78,136	96,279
Public safety	-	-	-	50,713	4,824	4,807	3,681	-	-	-
PEG capital	114,349	93,108	79,596	56,161	51,210	46,391	41,862	41,862	39,576	31,804
Unassigned	10,038,597	8,833,520	5,037,513	6,887,862	3,467,630	1,930,490	1,857,401	1,497,135	1,530,097	733,619
Total general fund	$ 10,337,862	$ 9,028,522	$ 5,415,453	$ 9,096,068	$ 4,549,589	$ 2,218,699	$ 2,095,436	$ 2,018,144	$ 1,718,755	$ 930,073
Committed	-	-	-	1,267,835	872,815	558,571	190,718	195,218	239,741	48,019
Assigned	-	-	-	1,672,802	2,155,512	1,839,466	428,683	-	-	-
Restricted for:										
Debt service	4,104,077	2,910,730	1,640,860	1,608,887	1,394,096	896,726	2,336,466	2,346,400	917,661	388,020
Public safety	264,858	189,949	197,033	-	-	-	-	-	-	-
TIRZ	57,186	2,918,982	-	-	-	-	-	-	-	-
Parks and recreation	13,804,495	9,352,763	10,574,914	-	-	-	-	-	-	-
Capital projects	22,224,983	19,743,488	26,812,436	21,724,162	37,138,347	9,768,641	4,109,911	7,551,911	3,105,139	2,636,643
Unassigned	(4,021)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 40,451,578	$ 35,115,912	$ 39,225,243	$ 26,273,686	$ 41,560,770	$ 13,063,404	$ 7,065,778	$ 10,093,529	$ 4,262,541	$ 3,072,682

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

City of Princeton, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	$ 19,381,941	$ 17,245,108	$ 13,408,244	$ 11,616,121	$ 9,840,379	$ 7,963,415	$ 6,268,705	$ 5,072,472	$ 3,980,727	$ 3,324,398
Licenses and permits	3,692,494	3,082,362	2,811,222	3,125,155	2,052,232	1,197,053	1,324,778	1,139,145	1,292,208	763,325
Fines and fees	440,189	308,366	295,633	316,669	196,658	249,793	383,154	318,666	313,762	266,473
Charges for services	5,072,199	5,351,071	4,329,628	4,077,344	3,370,083	2,570,913	1,962,606	1,306,096	245,204	160,086
Investment income	2,846,059	2,012,953	336,201	27,098	128,794	248,494	112,237	76,593	15,938	3,938
Impact/developer fees	8,961,545	19,011,667	8,511,084	3,706,216	3,737,853	2,757,651	1,913,383	1,430,930	-	-
Intergovernmental	931,007	1,283,781	6,892,790	3,084,576	8,974,518	1,139,930	1,836,090	1,911,861	1,185,938	1,233,104
Contri./Donations	2,436,800	1,598,780	491,255	539,590	8,556	180,506	26,527	20,466	16,177	14,448
Miscellaneous	1,237,410	537,654	68,600	88,776	229,374	37,774	59,090	19,260	36,385	42,759
Total Revenues	44,999,644	50,431,742	37,144,657	26,581,545	28,538,447	16,345,529	13,886,570	11,295,489	7,086,339	5,808,531
Expenditures										
General government	4,324,278	3,063,079	$ 2,352,165	$ 1,753,855	$ 1,046,207	$ 2,291,888	$ 994,127	$ 850,758	$ 684,955	$ 571,945
Public safety	12,168,965	9,506,215	6,613,336	5,688,838	4,852,909	4,144,134	3,760,715	2,897,383	1,630,932	1,445,434
Public works	3,246,698	2,850,968	1,172,149	1,764,900	1,067,638	903,096	661,496	755,542	748,702	700,550
Public services and operations	3,513,468	2,506,483	2,158,191	1,643,383	1,266,617	1,171,038	1,329,191	872,474	636,406	476,654
Parks and recreation	240,921	210,618	988,122	893,907	725,838	766,783	604,104	443,937	460,734	403,473
Library	381,934	327,641	236,204	236,382	194,545	216,026	159,990	141,514	117,758	103,605
Capital outlay	8,919,954	30,610,290	26,338,802	21,938,532	5,684,055	4,515,865	8,902,747	6,122,703	3,917,850	2,205,877
Debt Service:										
Principal	4,230,205	3,759,229	4,019,264	2,372,815	2,684,837	2,178,435	1,133,551	771,122	649,425	550,866
Interest	1,565,458	1,604,561	1,485,207	1,502,605	137,774	548,043	562,245	531,818	388,396	307,171
Bond issuance costs	-	-	227,956	-	679,547	63,840	-	68,700	84,689	68,397
Total Expenditures	38,591,881	54,439,084	45,591,396	37,795,217	18,339,967	16,799,148	18,108,166	13,455,951	9,319,847	6,833,972
Excess of Revenues Over (Under) Expenditures	6,407,763	(4,007,342)	(8,446,739)	(11,213,672)	10,198,480	(453,619)	(4,221,596)	(2,160,462)	(2,233,508)	(1,025,441)
Other Financing Sources (Uses)										
Note/Bond issuances	884,145	-	19,348,600	-	17,365,000	7,790,000	-	8,465,000	3,245,000	1,360,000
Payments to bond refunding escrow agent	-	-	(2,709,510)	-	-	-	-	-	-	-
Net cost of issuance premium/(discount)	-	-	809,395	-	2,772,774	-	-	26,200	202,141	89,052
Sales of assets		786,225	155,306	1,300	-	7,154	76,230	6,000	-	-
Lease issuances	278,206	2,855,334	332,566	836,837	268,047	216,890	1,489,406	110,814	182,652	29,809
Transfers	(925,107)	(130,480)	(226,906)	(365,070)	187,106	254,021	(317,115)	22	(32,491)	(132,418)
Total Other Financing Sources (Uses)	237,244	3,511,079	17,709,451	473,067	20,592,927	8,268,065	1,248,521	8,608,036	3,597,302	1,346,443
Net change in fund balances	$ 6,645,007	$ (496,263)	$ 9,262,712	$ (10,740,605)	$ 30,791,407	$ 7,814,446	$ (2,973,075)	$ 6,447,574	$ 1,363,794	$ 321,002
Debt service as percentage of noncapital expenditures	19.2%	23.0%	28.6%	24.4%	22.3%	22.2%	18.4%	17.8%	19.2%	18.5%

Source: City audited financial records

PRINCETON

TEXAS

City of Princeton, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less: Tax Exempt	Total Taxable Assessed	Total Direct	Estimated Gross Taxable	Assessed Value as a Percentage of
	Residential Property	Commercial Property	Other	Real Property	Value	Tax Rate	Value	Actual Value
2015	$ 364,887,976	$ 52,483,026	$ 2,471,089	$ (75,771,626)	$ 344,070,465	$ 0.738999	$ 419,842,091	81.95%
2016	431,633,366	56,757,007	2,701,269	(106,120,967)	384,970,675	0.738999	491,091,642	78.39%
2017	500,547,077	67,989,329	2,949,716	(108,947,539)	462,538,583	0.721800	571,486,122	80.94%
2018	699,455,122	100,020,051	3,260,865	(184,613,386)	618,122,652	0.691890	802,736,038	77.00%
2019	905,418,021	127,502,195	3,334,546	(193,534,385)	842,720,377	0.688820	1,036,254,762	81.32%
2020	949,006,116	268,918,014	3,227,268	(182,037,684)	1,039,113,714	0.676299	1,221,151,398	85.09%
2021	1,337,770,818	138,705,495	78,208,578	(228,298,217)	1,326,386,674	0.651215	1,554,684,891	85.32%
2022	1,872,721,719	152,197,580	101,598,257	(289,875,060)	1,836,642,496	0.602549	1,906,863,248	96.32%
2023	2,388,939,297	148,391,638	175,957,112	(379,876,655)	2,333,411,392	0.534543	2,454,654,213	95.06%
2024	3,311,169,717	202,087,384	188,889,902	(537,546,921)	3,164,600,082	0.440226	3,320,897,260	95.29%

Source: Collin County Appraisal Districts

City of Princeton, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates*		
Fiscal Year Ended Sept 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Princeton Independent School District	Collin County	Collin County Community College
2015	$ 0.511969	$ 0.227030	$ 0.738999	$ 1.620000	$ 0.237500	$ 0.081960
2016	0.503901	0.217899	0.721800	1.620000	0.235000	0.081960
2017	0.461505	0.230381	0.691886	1.620000	0.225000	0.081222
2018	0.426465	0.263425	0.689890	1.620000	0.192246	0.079810
2019	0.402494	0.286326	0.688820	1.620000	0.180785	0.081222
2020	0.394077	0.282222	0.676299	1.568350	0.174951	0.081222
2021	0.399118	0.252097	0.651215	1.469800	0.172531	0.081222
2022	0.377315	0.225234	0.602549	1.460300	0.168087	0.081222
2023	0.313630	0.220942	0.534572	1.442900	0.152443	0.081222
2024	0.260863	0.179363	0.440226	1.257500	0.149343	0.081220

City of Princeton, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2024			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
NexMetro Towne Center LP	$ 34,822,080	1	1.10%	-	-	0.00%
Townhomes at PM Holding LLC	34,395,630	2	1.09%	-	-	0.00%
Southgate Apartments LLC	29,451,300	3	0.93%	-	-	0.00%
Whitewing Highgates LP	28,105,408	4	0.89%	-	-	0.00%
Cope Equities LLC	18,586,771	5	0.59%	-	-	0.00%
Wal-Mart Real Estate Business Trust	17,695,314	6	0.56%	-	-	0.00%
Texas-New Mexico Power Co	16,839,251	7	0.53%	-	-	0.00%
Princeton Luxury Apartments LLC	16,437,466	8	0.52%	-	-	0.00%
GBRL Edgewood LLC	15,384,511	9	0.49%	-	-	0.00%
Arroyo Cap II-2 LLC	15,181,343	10	0.48%	-	-	0.00%
D R Horton - Texas LTD	-	-	0.00%	$ 6,883,181	1	2.00%
Edison Development Co.	-	-	0.00%	4,872,692	2	1.42%
Charley's Concrete Co Inc	-	-	0.00%	4,250,974	3	1.24%
311 Princeton Drive LLC	-	-	0.00%	2,667,700	4	0.78%
LGI Homes - Texas LLC	-	-	0.00%	2,025,463	5	0.59%
First Bank Farmersville	-	-	0.00%	1,898,684	6	0.55%
Wal-Mart Real Estate Business Trust	-	-	0.00%	1,781,056	7	0.52%
Carolina Real Estate Holdings LLC	-	-	0.00%	1,479,908	8	0.43%
Creekview at 380 LLC	-	-	0.00%	1,447,896	9	0.42%
Princeton Village LLC	-	-	0.00%	1,378,892	10	0.40%
Total	$226,899,074			$ 28,686,446		
Total Assessed Value	$ 3,164,600,082			$ 344,070,465		

Source: Collin County Appraisal Districts

City of Princeton, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2015	$ 2,449,973	$ 2,440,330	99.6%	$ 5,866	$ 2,446,196	99.85%
2016	2,833,887	2,812,844	99.3%	17,589	2,830,433	99.88%
2017	3,605,161	3,539,491	98.2%	58,908	3,598,399	99.81%
2018	4,724,242	4,596,306	97.3%	119,805	4,716,111	99.83%
2019	5,995,210	5,866,980	97.9%	120,120	5,987,100	99.86%
2020	6,491,113	6,398,147	98.6%	83,783	6,481,930	99.86%
2021	8,512,610	8,447,222	99.2%	55,095	8,502,317	99.88%
2022	9,827,462	9,785,793	99.6%	29,714	9,815,507	99.88%
2023	12,958,002	12,878,894	99.4%	43,629	12,922,523	99.73%
2024	14,449,776	14,349,170	99.3%	-	14,349,170	99.30%

Source: Collin County Tax Office

City of Princeton, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Notes/ Leases	Limited Tax Note	General Obligation Bonds	Certificates of Obligations	Contractual Obligations	Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2015	$ 1,058,200	$ 5,421,659	$ 150,456	$ 935,000	$ 1,286,800	$ 7,230,000	$ 4,135,000	$ 105,990	$ 20,323,105	10.61%	1,781
2016	906,500	8,435,000	260,384	755,000	7,203,500	1,130,000	3,920,000	150,594	22,760,978	10.14%	1,730
2017	762,200	16,801,315	224,377	570,000	7,479,800	950,000	3,700,000	145,972	30,633,664	11.61%	1,818
2018	695,600	16,382,202	1,626,832	-	7,352,610	760,000	18,295,000	596,692	45,708,936	14.00%	4,299
2019	629,000	14,415,000	1,487,508	7,790,000	6,841,000	560,000	17,910,000	472,977	50,105,485	10.74%	3,908
2020	562,400	31,295,000	1,215,306	6,020,000	6,722,600	350,000	17,730,000	345,537	64,240,843	9.98%	5,010
2021	503,200	30,305,000	1,678,528	5,070,000	6,596,800	130,000	17,330,000	271,434	61,884,962	11.94%	3,366
2022	2,571,518	40,492,267	1,067,784	10,180,000	6,431,400	20,829,203	29,545,000	81,107	111,198,279	17.58%	5,531
2023	2,024,919	39,048,293	3,482,375	8,710,000	7,381,842	19,420,000	28,900,000	151,410	109,118,839	11.06%	3,580
2024	1,806,430	37,283,825	3,868,010	7,170,000	6,982,887	19,210,000	28,230,000	136,020	104,687,172	8.78%	3,145

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

City of Princeton, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Estimated Population	Assessed Property Value (1)	Gross Bonded Debt (2)	Less: Debt Service Funds (3)	Net Bonded Debt	% Net Bonded Debt to Assessed Property Value	Net Bonded Debt Per Capita
2015	9,356	344,070,465	7,565,315	386,489	7,178,826	2.20%	809
2016	10,632	384,970,675	10,356,884	389,971	9,966,913	2.69%	974
2017	10,632	462,538,583	18,133,515	550,692	17,582,823	3.92%	1,706
2018	12,822	618,122,652	18,704,634	659,744	18,044,890	3.03%	1,459
2019	12,822	842,720,377	22,834,000	896,725	21,937,275	2.71%	1,781
2020	16,500	1,039,113,714	37,877,400	1,394,096	36,483,304	3.65%	2,296
2021	18,388	1,326,386,674	35,878,200	2,320,500	33,557,700	2.70%	1,951
2022	20,046	1,637,195,203	53,176,721	4,922,502	48,254,219	3.25%	2,653
2023	26,664	2,454,654,213	53,265,587	2,911,229	50,354,358	2.17%	1,998
2024	33,288	3,320,897,260	50,128,265	4,103,247	46,025,018	1.51%	1,506

[1] See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

[2] Schedule of Bonds Payable and total bonds for fiscal year.

[3] Audited financial statements

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Princeton, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2024 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]		Estimated Share of Overlapping Debt
Debt repaid with property taxes:				
Collin County	$ 841,715,000	1.52%		$ 12,794,068
Collin County CCD	459,865,000	1.52%		6,989,948
McKinney Independent School District	478,860,000	0.71%		3,399,906
Princeton Independent School District	531,187,658	63.89%		339,375,795
Subtotal, overlapping debt	$ 2,311,627,658			362,559,717
City of Princeton, direct debt		100%	*	50,128,265
Total direct and overlapping debt				$ 412,687,982

Source: "Texas Municipal Report" as of September 30, 2024, prepared by the Municipal Advisory Council.

* Gross debt. Some debt may be supported by other revenues and thus be considered self-supporting debt. Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Princeton. This process recognizes that, when considering the City of Princeton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Princeton's boundaries and dividing it by the overlapping government's total taxable assessed value.

PRINCETON

TEXAS

City of Princeton, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Rate Limit	Tax Rate	Available Tax Rate
2015	2.5000	0.7390	1.7610
2016	2.5000	0.7218	1.7782
2017	2.5000	0.6919	1.8081
2018	2.5000	0.6899	1.8101
2019	2.5000	0.6888	1.8112
2020	2.5000	0.6763	1.8237
2021	2.5000	0.6512	1.8488
2022	2.5000	0.6025	1.8975
2023	2.5000	0.5345	1.9655
2024	2.5000	0.4402	2.0598

Note: The City Charter of the City of Princeton does not provide for a debt limit. Under the provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation.

Legal Debt Margin Calculation for Fiscal Year 2024

Taxable assessed value	$ 3,320,897,260
Add back exempt real property	381,249,743
Total assessed value	$ 3,702,147,003
Debt limit (10% of total assessed value)	
Debt applicable to limit:	
Property tax supported debt	$ 67,875,000
Less: Amount set aside for repayment of general debt	(4,922,502)
Total net debt applicable to limit	$ 62,952,498
Legal debt margin	1.70%

PRINCETON

TEXAS

City of Princeton, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Waterworks and Sewer System Revenue Bonds					
	Total Revenues[1]	Less: Operating Expenses[3]	Net Available Revenue	Debt Service [2]		
				Principal	Interest	Coverage
2014	$ 4,815,894	$ 3,223,135	$ 1,592,759	$ 277,000	$ 413,325	2.31
2015	5,218,120	3,418,349	1,799,771	288,300	401,744	2.61
2016	6,765,321	4,722,866	2,042,455	320,700	166,409	4.19
2017	6,824,537	5,163,318	1,661,219	298,400	342,428	2.59
2018	8,901,145	6,015,505	2,885,640	1,133,551	562,245	1.70
2019	10,026,242	7,365,838	2,660,404	313,400	285,866	4.44
2020	12,177,286	8,683,551	3,493,735	345,800	256,634	5.80
2021	14,011,112	9,223,155	4,787,957	764,500	682,970	3.31
2022	24,172,554	10,386,712	13,785,842	296,700	1,014,613	10.51
2023	31,424,947	14,304,784	17,120,163	981,512	1,113,208	8.17
2024	42,043,577	17,885,205	24,158,372	1,011,512	1,049,070	11.72

[1] Total revenue includes total water and sewer operating and non-operating revenue.

[2] Includes principal and interest of revenue bonds only. It does not include certificates of obligation or other debt reported in the water and sewer fund.

[3] Water and sewer operating expenses less depreciation and amortization.

City of Princeton, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population[1]	Personal Income[3]	Per Capita Income[2]	Median Age	School Enrollment[5]	Unemployment Rate[6]
2015	9,356	$ 191,461,184	$ 20,464 [1]	36.0 [4]	1,798	4.2%
2016	10,362	224,565,264	21,672 [1]	36.0 [4]	1,798	4.3%
2017	10,362	263,909,778	25,469 [1]	34.0 [4]	1,950	3.6%
2018	12,822	326,563,518	25,469 [1]	35.0 [4]	2,090	3.6%
2019	12,822	466,746,444	36,402 [1]	33.0 [4]	2,131	2.9%
2020	16,500	643,648,500	39,009 [1]	33.0 [4]	2,587	3.2%
2021	18,388	518,449,660	28,195 [1]	33.0 [4]	2,752	3.9%
2022	20,046	630,566,976	31,456 [1]	33.0 [4]	3,967	3.8%
2023	26,664	862,793,712	32,358 [1]	33.0 [4]	4,276	3.9%
2024	33,288	1,192,143,144	35,813 [1]	33.2 [4]	9,141	3.7%

Data Sources:

[1] North Central Texas Council of Governments

[2] United States Census Bureau

[3] Personal Income derived by multiplying per capita personal income by population

[4] United States Census Bureau

[5] Princeton Independent School District

[6] Texas Workforce Commission - (data for Collin County)

City of Princeton, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

	2024			2015		
Employer	**No. Employees [1]**	**Rank**	**Percentage of Total City Employment**	**No. Employees[2]**	**Rank**	**Percentage of Total City Employment**
Princeton Independent School District	1,136	1	n/a	480	1	n/a
Wal-Mart	300	2	n/a	-	-	n/a
City of Princeton	186	3	n/a	83	2	n/a
Villa Asuncion	70	4	n/a	60	3	n/a
McDonalds	36	5	n/a	50	4	n/a
Jack in the Box	25	6	n/a	27	5	n/a
Charley's Concrete	20	7	n/a	-	-	n/a
Tractor Supply	19	8	n/a	-	-	n/a
Taco Bell	12	9	n/a	21	6	n/a
People's Bank	10	10	n/a	-	-	n/a
Citizens State Bank	-	-	n/a	10	7	n/a
CVS	-	-	n/a	10	8	n/a
Dollar General	-	-	n/a	10	9	n/a
Golden Chick	-	-	n/a	10	10	n/a
			n/a			n/a
Total	1,814			761		

Note: Total employment for the City is not available

City of Princeton, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population[1]	Personal Income[3]	Per Capita Income[2]	Median Age	School Enrollment[5]	Unemployment Rate[6]
2015	9,356	$ 191,461,184	20,464 [1]	36.0 [4]	1,798	4.2%
2016	10,362	224,565,264	21,672 [1]	36.0 [4]	1,798	4.3%
2017	10,362	263,909,778	25,469 [1]	34.0 [4]	1,950	3.6%
2018	12,822	326,563,518	25,469 [1]	35.0 [4]	2,090	3.6%
2019	12,822	466,746,444	36,402 [1]	33.0 [4]	2,131	2.9%
2020	16,500	643,648,500	39,009 [1]	33.0 [4]	2,587	3.2%
2021	18,388	518,449,660	28,195 [1]	33.0 [4]	2,752	3.9%
2022	20,046	630,566,976	31,456 [1]	33.0 [4]	3,967	3.8%
2023	26,664	862,793,712	32,358 [1]	33.0 [4]	4,276	3.9%
2024	33,288	1,192,143,144	35,813 [1]	33.2 [4]	9,141	3.7%

Data Sources:

1 North Central Texas Council of Governments

2 United States Census Bureau

3 Personal Income derived by multiplying per capita personal income by population

4 United States Census Bureau

5 Princeton Independent School District

6 Texas Workforce Commission - (data for Collin County)

City of Princeton, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	14	12	9	7	7	8	6	6	5	5
Police	44	33	29	29	29	26	21	15	12	13
Fire	46	39	33	25	23	17	17	16	9	1
Municipal Court	4	4	4	4	4	3	3	3	3	2
Development/Code Enforcement	13	14	11	9	8	6	5	4	3	4
Library	4	4	3	3	3	3	3	2	2	1
Marketing & Community Events	3	4	4	2	3	1	1	1	1	1
Municipal Services	2	2	1	1	1	-	-	-	-	-
Streets	6	6	5	5	5	3	3	3	3	2
ROW/E	2	6	6	5	5	5	5	4	4	-
Parks and Recreation	13	10	7	8	8	6	6	4	3	-
Utility Administration	6	6	5	4	4	4	4	3	3	3
Water, Sewer	26	15	12	14	12	12	12	9	7	6
Storm Water	3	2	1	1	2	3	3	2	-	-
	186.0	157.0	130.0	117.0	114.0	97	89	72	55	38

Source: City budget

City of Princeton, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	14	12	9	7	7	8	6	6	5	5
Police	44	33	29	29	29	26	21	15	12	13
Fire	46	39	33	25	23	17	17	16	9	1
Municipal Court	4	4	4	4	4	3	3	3	3	2
Development/Code Enforcement	13	14	11	9	8	6	5	4	3	4
Library	4	4	3	3	3	3	3	2	2	1
Marketing & Community Events	3	4	4	2	3	1	1	1	1	1
Municipal Services	2	2	1	1	1	-	-	-	-	-
Streets	6	6	5	5	5	3	3	3	3	2
ROW/E	2	6	6	5	5	5	5	4	4	-
Parks and Recreation	13	10	7	8	8	6	6	4	3	-
Utility Administration	6	6	5	4	4	4	4	3	3	3
Water, Sewer	26	15	12	14	12	12	12	9	7	6
Storm Water	3	2	1	1	2	3	3	2	-	-
	186.0	157.0	130.0	117.0	114.0	97	89	72	55	38

Source: City budget

City of Princeton, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Physical arrests	588	470	-	492	353	452	591	378	364	236
Traffic violations	1,097	1,878	1,548	1,979	1,819	2,704	2,861	6,460	4,454	1,992
Fire										
Number of calls answered	4,000	4,009	3,382	2,409	2,583	2,420	2,320	2,058	1,929	1,555
Inspections, residential/commerc.					388	395	241	189	178	168
Water/Sewer										
New connections	5,694	1,764	1,272	1,384	1,108	668	724	315	656	301
Avg daily consumption (gallons)	3,276,092	2,937,041	2,818,537	2,116,000	1,919,586	1,570,000	1,453,000	1,281,417	1,250,000	1,149,000
Water main breaks	432	379	488	271	269	577	282	155	143	193

Source: City departments

PRINCETON

TEXAS

City of Princeton, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	24	23	21	20	16	15	14	12	11
Number of officers	44	33	29	27	25	24	15	15	12	13
Fire										
Fire Stations	4.0	3.0	3.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Number of firefighters	45	35	25	25	23	18	17	16	9	1
Number of volunteer ff.	-	-	4	8	16	20	24	24	22	24
Streets										
Streets (miles)	180	122	115	113	89	76	61	69	64	28
Number of street lights	2,329	1,610	1,523	1,102	785	608	420	361	309	246
Water/Sewer										
Water lines (miles)	181	143	141	117	102	96	80	69	58.8	30
Sanitary sewer (miles)	251	142	141	111	83	77	60	50	44.8	53

Source: City departments

PRINCETON

TEXAS